

Mr Whitelaw expected to announce inquiry into Brixton riots today

After a second night of violence in Brixton Mr William Whitelaw, Home Secretary, is expected to announce today that a government inquiry is to be set up into the riots. He reported as running battles developed between police and black youths. By late last night there had been 254 casualties and 168 arrests.

Running battles in streets for second night

After three days of violent confrontation between hundreds of police and black youths the streets of Brixton, south London, late last night began to quieten, leaving the memory of the worst public disorder seen in mainland Britain for years.

The first reaction of the Government is expected to be the announcement today of a public inquiry into the reasons for the riots which led to over 200 casualties, more than 150 arrests, and scenes of desolation after looting and arson.

The worst damage occurred on Saturday night and yesterday there were hopes that the violence had subsided. But as evening approached trouble broke out again with sporadic running battles.

The new violence broke out as the local community was still trying to repair the damage left by Saturday night's riot, in which 192 people were injured, 106 people arrested and well over £1m worth of property was destroyed by arsonists or stolen by looters.

Police had cordoned off the Brixton area throughout the day, and were keeping a watch from a helicopter hovering constantly overhead. They were ready to move, often in up to 12 vans, at the slightest sign of trouble.

Trouble started again late yesterday afternoon. In one incident around 5 pm, a police van was reported to have been overturned outside a public house in Atlantic Road, and later skirmishes started outside the town hall, where a crowd of at least a thousand people, including many sightseers, had gathered.

Scotland Yard said last night that 62 people had been arrested in yesterday's clashes. Twenty-four civilians and 38 policemen were injured.

In the Raiton Road area police coaches were attacked and police with riot shields met a hail of bricks and stones.

As police in one part of the road were busy talking to residents, trying to calm the situation, bricks and bottles from the supply of ammunition the still carped the devastated area were hurled at coaches, smashing windows.

Police with riot shields and dustbin lids for protection, pushed the crowd back, splitting them into sections and driving groups of running black and white youths away into the side streets before regrouping around the mass of police vans parked along the road.

After about two hours of intermittent clashes police with riot shields succeeded in clearing many of the youths down Elfric Road. They surged back towards Raiton Road where most of the youths seemed to be bent on congregating.

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A night of violence
Profile of Brixton
The role of the police
US race violence
Leading article

By Martin Huckerby,
David Nicholson Lord,
Stewart Tandler,
Nicholas Timmins and
Fred Emery

Many people in the approaches to Brixton, down the Coldharbour Lane and Brixton Road itself, stood quietly but clearly expecting a renewal of Saturday's violence. Both blacks and whites could be seen walking around as if it were a normal Sunday evening.

Tensions were very high wherever violence did erupt. Local inhabitants of all ages, both black and white, would come out of their houses to deplore both the police action and the action of youngsters.

One woman, who like most people in the area, refused to be named, said that fighting had broken out just round the corner, between groups of youths, where previously a small band had been playing music in an attempt to bring local inhabitants and police together and reduce tensions.

A snatch arrest of a black youth took place on the corner of Coldharbour Lane and Atlantic Road. A bystander, who appeared to have some author-

ity over many of the young people who were hanging about, was reported to be concerned.

Ministers acknowledged that the confrontation had not been between black and white communities, but a straight-outpouring by young blacks some of them extremely young, against the police.

It was accepted that the Government would have to do something more than was done in the aftermath of the Bristol riot a year ago.

Of the 192 injuries in Saturday's rioting, 165 were police officers of whom 18 were still in hospital yesterday. Constable Denis Ozo, based at Kensington police station, had an emergency operation late on Saturday night after receiving a fractured skull. Yesterday he was still in a very serious condition at King's College Hospital.

More than a hundred people had been charged, mainly for public order offences. Seven south London courts will deal with the cases at 14 hearings.

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Tiles torn away in launch of shuttle

From Michael Leaman
Cape Canaveral, April 12

The second try at launching the space shuttle Columbia was a success today but it was marred by a major problem when photographs from space showed that some heat-resistant tiles had been ripped from its tail section.

But Mr Leroy Day, director of systems management at the space centre at Houston, said the missing tiles were "not critical" and there was no danger to the craft or to the crew.

If the tiles had fallen from the front of the underside of the shuttle, it would have been extremely worrying. The extreme heat at those points when Columbia reenters the atmosphere at the end of its mission might have set the shuttle on fire.

At the tail end, though, the worst that could happen would be slight damage to the shuttle's tiles. Mr Day maintained. Pictures of the gaps left by the tiles were relayed to Houston by television cameras on the craft.

The television photographs show that 13 or 15 tiles are missing of damaged. Photographs of the rest of the exterior of the spacecraft will be taken by high-resolution ground-based cameras to see if any more serious damage has been done to the tiles.

Other tests were being carried out—studying films of the launch and making temperature and other readings of the shuttle's interior. The shuttle was being carried out—studying films of the launch and making temperature and other readings of the shuttle's interior. The shuttle was being carried out—studying films of the launch and making temperature and other readings of the shuttle's interior.

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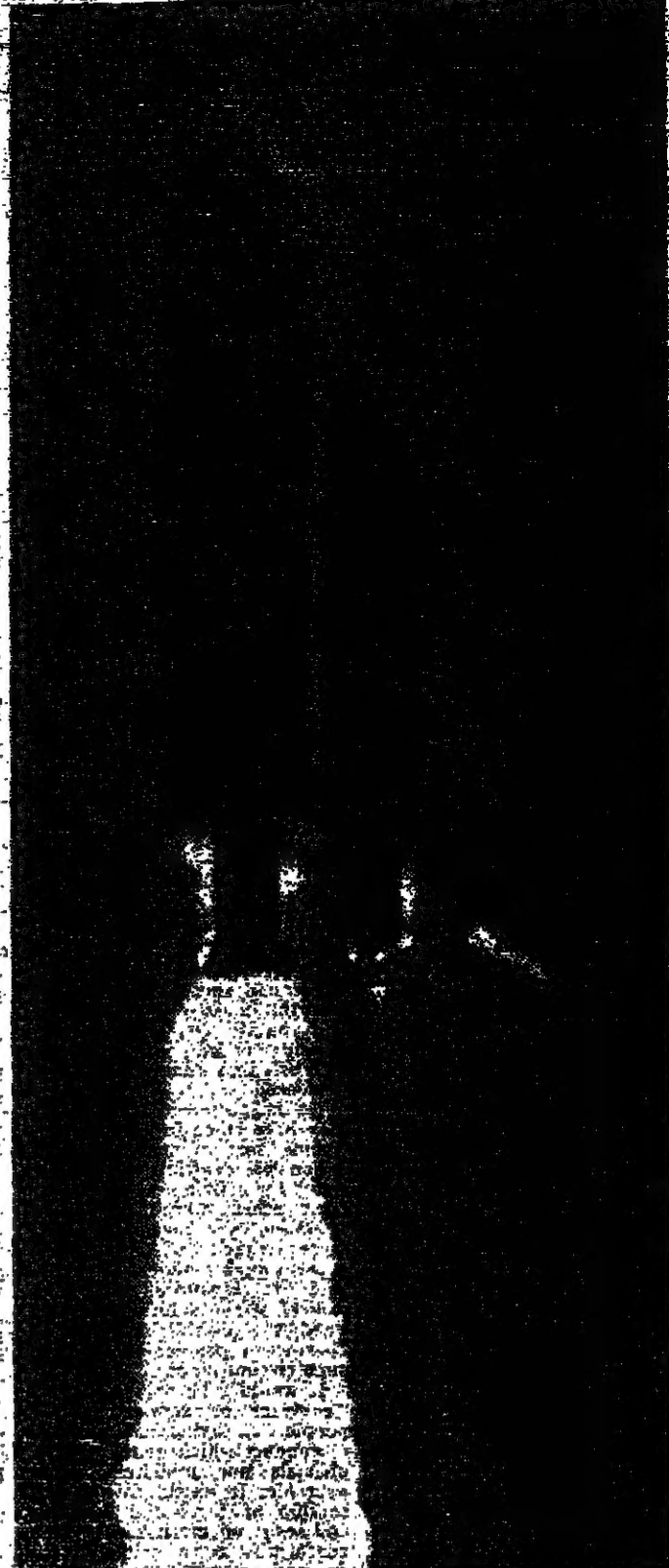
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The shuttle climbing above Cape Canaveral as it carries the payload of 11,000 lb.

President Reagan's speech set the tone for the launch, but no national triumph was felt in the streets.

Through the launch, the shuttle's unique quality, the mission will have succeeded only when it reenters the Earth's atmosphere on Tuesday and lands in California.

The crew had their own theory about what went wrong on Friday. On previous space flights, the traditional astronauts' breakfast was steak and eggs.

On Friday, Young and Crippen had bacon and eggs instead. Today they switched back to steak and the Columbia sailed away on time.

Doctors said that at the time of the launch, Captain Robert Crippen, 40, whose first voyage into space this is, had a pulse rate of 130—nearly twice normal. The hearts of space officials here, who know the future of the space programme depends on a successful completion of this mission, said they were "beating more slowly".

Mr John Hume, leader of the Social Democratic and Labour Party, said that he would oppose any attempt to expel Mr Sandhu from the party.

Mr Haughey, who seems to be encouraging speculation of a general election in May or June, told the party's annual conference in Dublin that in a year "we must begin to see a clearer light at the end of the road on which we have set out".

That reference to Irish unity removes any doubt that Mr Haughey is a staunch supporter of the Northern Ireland and the Dublin-Westminster talks.

Commons move, page 2.

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Two Soviet musicians seek asylum

From Patricia Clough
Bonn, April 12

The son and grandson of Dmitri Shostakovich, the late Soviet composer, were being kept in an undisclosed spot in Bavaria today after defecting. Mr Maxim Shostakovich, aged 42, who is the conductor of the Soviet Radio Symphony Orchestra, and his son, Dmitri,

uth 2.00; Morocco US 2.00; Pakistan
 2.00; Oman GR 2.00; Qatar
 Portugal Esc 60; Qatar
 P 7.50; Saudi Arabia SR 1.00
 Sweden
 Sg, Spain Pcs 1.00; Sweden
 3.00
 7.00; Switzerland & Frs
 LNS 50; Tunisia Din 5.00; US
 Canada \$1.50; UAE Dir 7.00;
 Yugoslav Din 50.

BR seeks tax on City and West End to save commuter service

By Michael Bailey
Transport Correspondent

British Rail is to seek a payroll tax on West End stores, City banks and insurance companies and central London industrial firms to help to meet the cost of its south-east commuter services.

It also wants a contribution from the rates from places as far out as Brighton, Portsmouth, Reading, Bedford, Peterborough, Cambridge and Ipswich.

It argues that without the railway commuter service, these places would be considerably less prosperous. The railway is an essential part of their infrastructure and they should pay to maintain it.

That is the main plank of a fresh approach to be made by British Rail to the Government, MPs and public in an effort to save its threatened London commuter services, which lose £150m a year on £350m fare revenue, and at £90m a year are receiving less than half the investment they need.

The £150m support grant paid by the central Government must be increased to between £230m and £280m by 1983 if the services are not to be cut again and again, as they were last winter.

To ask the commuter to pay all the extra is not a practicable course, British Rail says. That would require a 25 per cent fare rise on top of inflation, which many people would refuse to pay. Traffic would decline and services would take another plunge.

Giving the whole bill to central government would be regarded by many as unfair, British Rail says, because that means the transfer of resources from country to town, from depressed provinces to the rela-

tively prosperous capital, and from poorer to better-off members of the community.

Although only 400,000 people use the commuter services each day more than a million are regular users, and all 17 million in the south-east commuter area benefit one way or another, British Rail says.

Without them, City firms would not get their staff, and West End stores, restaurants and theatres would lose both staff and customers. Towns further out would lose income in the form of rates and consumer expenditure that the commuters' pay packets provide.

"The question is," a senior British Rail manager said, "are the services to be allowed to decline and rot, or are they to be maintained to a similar standard to other areas of life in the South-east? If the latter, who benefits, who pays?"

"London exists only because people are prepared to live in Hammersmith and travel to work, because people are prepared to live there and spend money earned in London."

For its part, British Rail is prepared for a significant management reorganization, with the establishment of a new London and south-east business sector separate from inter-city freight and provincial services, and separately responsible for the services it provides and the commercial and grant-aid revenue it absorbs.

It is also determined to fight for further significant productivity gains, including widespread operation of one-man trains. But it says that the benefits from higher productivity would be largely absorbed by higher real earnings for the smaller workforce.

Aerial fleet on standby to disperse oil slicks

By Our Shipping Correspondent

Britain's capacity to fight coastal oil pollution will be boosted by the impending award of an important contract to private industry for a fleet of aircraft to be kept at instant readiness around the coast.

This switch to an air response marks a significant advance in pollution control. The aircraft will be used not only to spot and monitor oil slicks, but also to combat them with the help of recent advances in the chemical composition of dispersants.

The contract, worth about £750,000 a year, provides for six or more specially equipped twin-engine aircraft to be stationed at three airfields strategically sited in relation to the main areas of pollution risk. One will probably be in Kent, one in Cornwall and a third in north Scotland.

There will also be a chain of smaller support airfields around

the coast from which the aircraft will operate during an incident, serviced by road.

The aerial fleet will not replace the seaborne force of tugs and naval vessels used in the past, but will spearhead any future assault on oil slicks around the British coast. There will still be up to forty seagoing tugs at coastal points, 25 of them equipped with dispersant.

The new thinking since Britain set up a full-time marine pollution control unit under the Department of Trade two years ago is that a purely seaborne response is too slow and erratic even when helped by spotter aircraft. Dispersants need to be active within 48 hours before spilled oil emulsifies, spreads and resists dispersion.

The contract requires the capacity to deliver 10 tons of dispersant an hour within an hour of the alarm being sounded up to 100 miles out to sea.

Immigrants stay on months too long, report says

Thousands of immigrants are taking advantage of Britain's over-worked immigration service and staying in the country months longer than they should, the Home Office said on Saturday. The immigrants simply appeal against deportation or a refusal to vary their stay, whatever the merits of the case.

The Home Office discussion document says there were nearly 18,000 new appeals in 1979; but 16,520 were still unheard by the end of the year.

The system should be streamlined the report says. It recommends that appeals against deportation and refusal to vary stay should be merged into one right of appeal. Spoken hearings should be dropped in cases which can be settled by checking documents; and a time limit on providing grounds for appeal should be introduced as well as curbs on late appeals and those from short-stay visitors.

Mr Ian Martin, general secretary of the Joint Council for the Welfare of Immigrants, described the report as "abysmal". He said that for the Home Office to be responsible for the appeals system was like "entrusting a review of criminal court procedures to the police and prosecuting counsel".

Dearer Metro

The price of BL's most popular Metro model, the Metro L, was raised on Saturday from £3,564 to £3,730.

Press Council censures 'The Sun' over payment for series on Mr Biggs

The Press Council censured *The Sun* today for "inexcusably" paying for a series of leading material by Ronald Biggs, repeating the council's adjudication says, an offence for which the council strongly condemned the same newspaper 10 years ago.

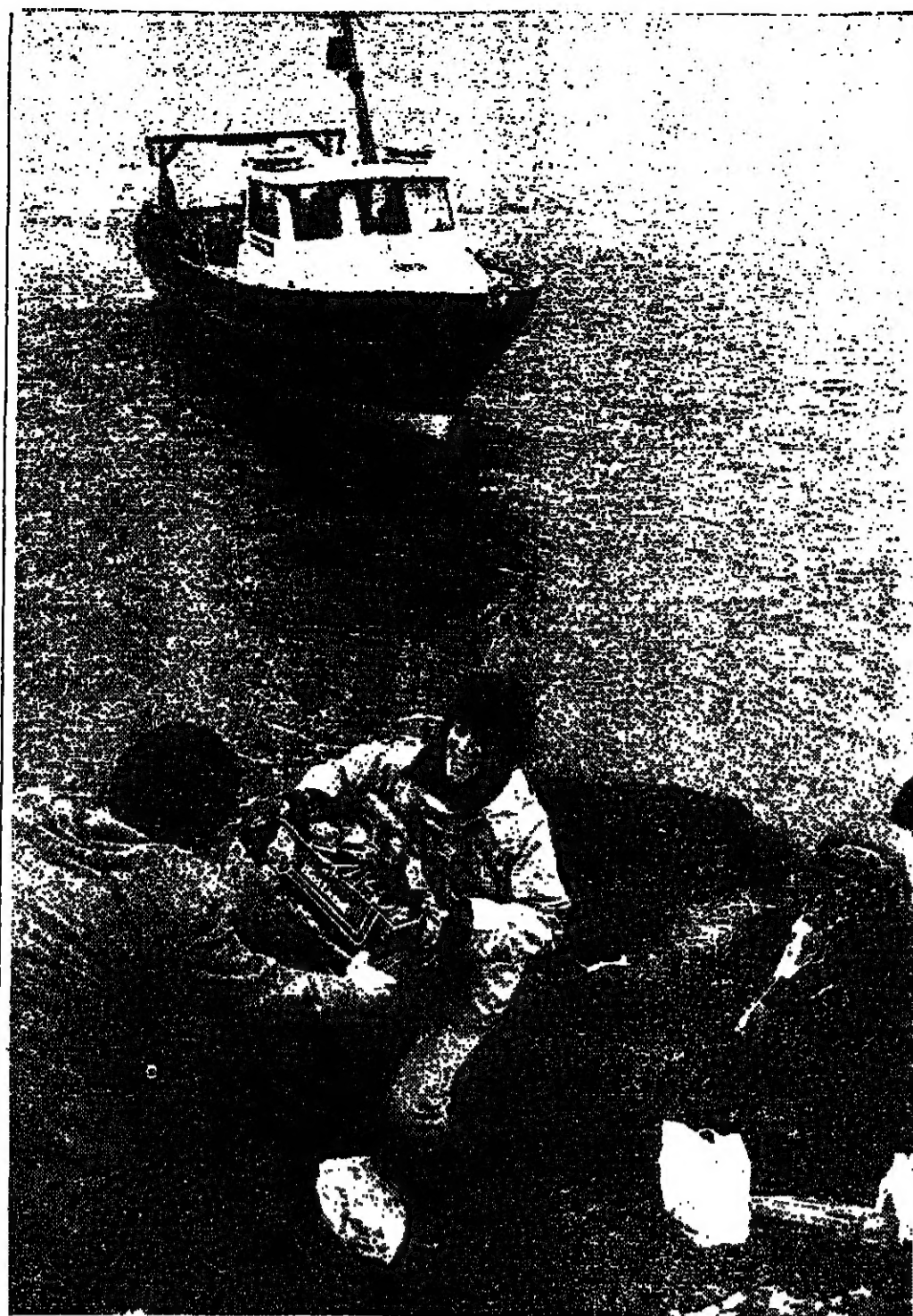
The council, after consulting newspaper editors, published in 1966 a declaration of principle on payment for articles. Its provisions include: "No payment should be made for feature articles to persons engaged in crime or other notorious misbehaviour where the public interest does not warrant it."

In 1970 the council upheld complaints against *The Sun* for publishing the memoirs of Mr Biggs, who had escaped from prison. It rejected the director's argument that because *The Sun* paid money into a trust fund for the Biggs children the series

was outside the scope of the declaration. Last February *The Sun* published, over five days, a feature entitled "Ronnie Biggs: My story", announcing that a book by him was being serialized exclusively in *The Sun*.

Mr Henry Douglas, legal manager, said that while *The Sun* recorded the council's conclusions on the earlier complaint it did not accept them. The newspaper did not accept the declaration of principle.

The newspaper contracted a normal commercial agreement with the publishers of the book on which it drew for background. It believed that the money paid was a matter between them, the author of the book and Mr Biggs. The Press Council's adjudication was:



"Desert island" job: Mrs Carol Warman getting help on Saturday when her week's supplies arrived on the lonely Skokholm island. Though only three miles off the Pembrokeshire coast, it can be cut off by

storms sweeping in from the Atlantic. Mrs Warman is leaving after two years during which she and her husband worked as warden and cook, catering for summer visitors who took birdwatching and natural history courses.

In brief

Ban plea to avert Southall march

Mr William Whitelaw, the Home Secretary, has been asked by the London Borough of Ealing to ban all marches for 12 days up to the GLC elections on May 7. The New National Front plans a march through the Southall area on April 25 in support of its GLC candidate.

The march, if held, would mark the second anniversary of the Southall riot, in which Mr Blair Peach, the New Zealand school teacher, died.

Hurt climber rescued

An injured climber, Mr Martin Joyce, aged 21, of Tordington, Bedfordshire, was rescued by helicopter after he had fallen 50ft on Dinas Cromlech, above the Pass of Llanberis, Gwynedd, on Saturday. He was "fairly comfortable" in hospital yesterday.

Bus drivers attacked

Bus crews in Sheffield, alarmed by recent incidents in which a driver was shot at with an air rifle and another attacked with acid, are to meet the passenger transport authority today to seek action to curb the violence.

Oil pollutes harbour

A large area of Christchurch harbour, Dorset, has been polluted by diesel oil leaking from the tanks of a partially submerged 40-ton dredger stranded on a sandbank four days ago.

Spray peril to bees

Farmers, spraying contractors and bee keepers were warned by the Ministry of Agriculture yesterday to take precautions to prevent Britain's honey bee population from being seriously damaged by the careless application of pesticides.

Mock air attacks

A three-day "realistic" test of Britain's air defences is to start today with mock attacks on United Kingdom targets being staged by aircraft from seven Western air forces. RAF radar stations at Boulmer, Wold, north Yorkshire, will be "raided".

McNee defence of the police challenged

By Peter Evans
Home Affairs Correspondent

Almost 99 of every 100 complaints against the police alleging assault during the past 10 years had resulted in no prosecution, Mr Michael McNee, Labour MP for Oldham, West, and campaigner about deaths in police custody, says in a letter to Sir David McNee, Metropolitan Police Commissioner.

Mr McNee criticises Sir David's reply to disclosures in *The Times* of a Home Office research unit study alleging grave defects in the way assault complaints against the Metropolitan Police are investigated.

Sir David said in a statement: "All allegations of assault by police are meticulously investigated and the reports are submitted to the Director of Public Prosecutions who may, if he so wishes, require further information or other witnesses to be interviewed."

Saying he has grave doubts about the effectiveness of the system, Mr McNee has sent to Sir David a dossier of 43 cases from different parts of the country, chosen from 150 sent to him, as containing "detailed, precise and hard enough evidence as to be fully credible".

Mr McNee says: "In most cases those who made the complaint did use the official complaints procedure, but in almost every case entirely in vain. Given a record of this kind, I do not see how any fair and objective person can say that the system works satisfactorily and needs no change."

For most of the past 10 years, there had been some 2,500 3,000 assault complaints against the police each year. Yet according to the Attorney General, Sir Michael Havers, QC, only 364 had led to prosecution.

"In the case of 98.7 per cent of complaints there has been no prosecution. I quite understand that a certain proportion of complaints against the police are malicious, but I do not think that can account for a proportion anywhere near 98.7 per cent."

"Would you therefore conclude that these figures show that in 99 assault complaint cases out of every 100 the police are in fact blameless, or do

they show rather that there must be major deficiencies within the current system of investigation?"

Mr McNee also notes in his letter that there were 63 deaths in custody in England and Wales last year, including 20 in the Metropolitan Police district alone, far more than in any other year in the last decade and more than double the average annual rate in that period.

Sir David also said that all complaints were submitted to the Police Complaints Board "who also have power to ask for further inquiry to be made, if desired, and may direct that disciplinary proceedings be instituted."

Mr McNee replies: "In fact, out of 12,000 complaints processed annually by the PCB they have requested further information in about 50 cases a year (less than 0.5 per cent) and recommended disciplinary charges in 15 cases a year (0.1 per cent)."

Because there is a rule preventing policemen being put into double jeopardy by having a decided case heard again, he says, the board is more or less precluded from having any independent role.

Mr McNee also challenges Sir David's statement that "instructions require that any prisoner complaining of assault, or showing any sign of injury, must be seen by a doctor."

Mr McNee quotes a case from his dossier to show otherwise:

"He was stopped while in the car, as a passenger, during a breathalysing test. He was asked to take a breathalyzer, since the policeman suggested he and his wife had changed seats (though this would have been impossible with the police car on their tail), but refused. He was then taken to the police station, and assaulted in full view of his wife. He received black eyes, broken nose, perforated eardrums, broken teeth and innumerable bruises. Photographs of his injuries were later taken by his wife. He was held at the police station for 16 hours, and only when the shift changed was he allowed to protest to a senior officer and get hospital treatment."

A number of other cases in the dossier tell a similar story, Mr McNee says. "In the light of such evidence I believe there is a clear case for providing a statutory right for persons in custody to call a doctor."

MPs likely to urge rise in jobless benefit

By Fair Healy
Social Services Correspondent

Backbench MPs are expected to demand when the Finance Bill has its second reading today that cuts in unemployment benefit should be restored before the benefit becomes liable for tax.

They will remind ministers that the cut in real value last November was said to be an interim measure pending the move to bring the benefit into taxation. They will also cite official statistics showing that the value of unemployment benefit compared with earnings is now lower than at any time during the 1970s.

The Bill proposes to bring unemployment benefit and supplementary benefit for strikers' families into taxation in 1982. There is no objection from any political party to the principle of taxing benefits; but there is widespread concern that it is being proposed when unemployment benefits have been cut by 5 per cent in real terms.

In a briefing sent to all MPs the Child Poverty Action Group argues that the first claim on the £200m to £250m expected to be raised from taxing the benefits should be on restoring the real value of unemployment benefit. That would mean adding £1 a week for a single person and £2.65 for a married couple to unemployment benefit in 1982, no top of the rise for inflation due that year.

The group says that on Government estimates, restoration would cost £45m, little more than a fifth of the expected saving from taxing benefits.

The briefing also says that most families will pay more tax as a result of the freeing of personal tax allowances.

As report to MPs from the Low Pay Unit which urges them to reject the freezing of personal allowances. If that measure goes through, the report says, the combined effects of the last two Budgets will mean that only those earning £325 a week or more will pay less tax than before the Government took office in 1979.

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Eye-witness

Looters moved in as the flames spread

By Martin Huckerby

At 8 pm on Saturday night, a pillar of smoke, hundreds of feet across, rose into the darkening sky; its base was tinged with red from the fires in Raiton Road. Further north more smoke climbed from the blazing buildings in Brixton centre. Police in strength occupied the north end of Raiton Road, and screened some of the side roads, but along much of the length of this street of sleazy shops, old terraced houses and derelict sites the mob ran wild.

At the south end of Raiton Road, at the junction with Shakespeare Road, there were no police. The only sign of authority was an abandoned fire engine astride the junction, its windows smashed and its wrecked equipment strewn across the road.

The view north up Raiton Road was of an inferno, a tunnel of fire through the smothering smoke. Red hot debris dripped from a series of burning buildings along both sides of the road. Amid the roaring of the flames and crashing of collapsing buildings there were screams and shouts.

Despite the furnace of heat, figures could be seen running through the smoke, hurling missiles at unseen police. At one point the splash of fire from an exploding petrol bomb pierced the swirling smoke.

Three black men, one carrying a case of whisky, grabbed hold of me, wrenched my notebook away and hurried me away from the area, past a crowd of local residents, black and white together, standing watching the blaze in horror-struck silence.

At 8.15 pm, halfway along Raiton Road, where a series of buildings links it to Mavall Road, the rioters ruled. At least five overturned cars, several turned up, stood in the short length of the road. Black and white figures, mostly black but a few white, whirled back and forth.

On the corner of Lesson Road and Mavall Road, a three-storey Windsor Castle public house stood with smashed windows and broken doors. The street outside was littered with broken bottles and a crowd of rioters. From the top storey a stream of bricks trickled from a smashed window.

Some of the side streets leading into Raiton Road from the south were the province of the rioters. I was chased out of Farnwell Road, a gang of shouting black youths; in the next street, Effra Parade, a police cordon barred the exit from Raiton Road.

At 8.35 pm, the George public house, at the junction of Effra Parade and Raiton Road, was being consumed with flames, a gutted fruit machine lying outside. Across the junction a car swerves shop and a newspaper blazed in unison. In between stood a gutted fire engine, and around surged rioters and police, the latter trying to protect firemen as they sought to stem the flames.

At 8.40 two black men, both by no means youths, had been dragged out of the fighting and were loaded into a police van; one was screaming. "They are kicking me," when all the police were doing was marching him to the van.

By 9.0 several police moved down Effra Road towards the centre of the riot, many lacking riot shields and equipped only with plastic milk crates or wooden boxes to protect their faces. Within minutes there was a line of police officers sitting with bandaged heads on the kerb beside a police first aid van. A woman emerged from a house near by to offer drinks.

More vansloads of police moved down towards the riot as the roofs of burning buildings collapsed into the flames.

At 9.22 the Brixton shopping centre appeared almost calm by comparison to Raiton Road. Rubbish was strewn across the main A23 Brixton Road; however, the scene was one of a quiet street, with a few youths, black and white,

sauntering past the shops, rather than the chaos of the night before. That created a false sense of calm, but has had little practical effect since the council has been forced to give priority to rehousing the mainly white tenants from older estates which are emptied for redevelopment or modernization.

The result has been to increase the feeling among blacks that housing in areas like Clapham and Streatham is effectively reserved for whites, while they themselves, if they qualify at all, are offered only flats on unpopular estates like Lambeth or Coldharbour Lane.

Unemployment among young blacks of 15 and under has almost doubled in the past year, and is said to be three times as high as among whites. That combined with bad housing, does much to explain the increasing crime rate. Yet it is claimed that while Brixton has a high incidence of street robberies and muggings, blacks commit fewer crimes like burglary than whites.

Mr Donald Varma, careers officer for the Brixton area, said that 784 young people aged 16 to 19, more than half of them black, were now regis-

complete absence of police. Down the shopping street of Coldharbour Lane, linking the main road with Raiton Road, fires burnt on both sides.

In the main road, youths and girls, black and white, climbed into the shattered windows of Dolcis shoe shop, calmly selecting particular shoes before loading them into Dolcis carriers bags. Along Electric Avenue, the centre of the open air market, looters climbed in and out of shops, completely untroubled by police.

By 9.30 one or two police stood nervously in Brixton Road. One uniformed constable said to a white teenager clutching four packets of cigarettes: "I don't want to know; I can't do anything about anything tonight."

At 9.40 several dozen police with riot shields moved into Brixton Road from the south, pushing through the mainly black crowds milling around. In the distance youths and older men could still be seen humping goods out of wrecked shops.

As the police began clearing the entrance to Coldharbour Lane, two milk bottles came flying out of the retreating groups. A police constable was carried away unconscious by four of his colleagues.

At 9.53 more police charged across Brixton Road, pursuing a group of youths into Brighton Terrace to the west. Private cars were still travelling along the main road, crashing over rubble and linking to avoid running police.

From Effra Road to the south a shower of rocks and bottles suddenly came flying in at the crowd and police alike. Waving truncheons, dozens of police rushed wildly to avoid running police.

More police, hastily brought in as could be seen from the white shoes of one constable, were gradually taking over the shopping centre but violence kept re-occurring. At 10.30 a freelance photographer, Mr Neil Morrison, of Hackney, was attacked by police with truncheons after he had taken pictures of them arresting a black man. His motor cycle was damaged and he saved him from serious injury.

By about 11.30 the violence and the looting began to die away. Police were posted outside the many looted jewellers, the aisles were covered with scattered sweets and cartons, outside Currys, where empty cars for radios, calculators and food mixers filled the gutters.

In Electric Avenue the street was awash with broken glass, smashed display cases, discarded sweaters, and empty Easter egg cartons.

As half the shops in the market area bore evidence of looting, or just pure destruction, as in the case of the consumables Centre. Away from that area of concentrated looting, the damage was less but many of the stores on Brixton Road had smashed windows and tumbled display cases. No jewellery shop appeared to have escaped unscathed.

By 11.15 Raiton Road appeared quiet, littered with overturned burnt-out cars and, at the north end covered with thousands of rocks and pieces of brick which had been taken from the adjoining derelict sites and hurled at police.

Further south firemen continued to fight the fires, slowly bringing them under control. The Windsor Castle public house had virtually disappeared; just a pile of rubble lay where it had been, two broken gas mains flaring amid the debris.

Eventually the firemen succeeded but too late to save most of the gutted buildings. At midnight they were still playing hoses on the smouldering remains of the shops.

Along the gutters in the centre of Brixton there were fragments of glass and empty cartons smeared with blood, indicating that at least some of the looted shops had been paid a price for their spoils.

Mr T, a young, sharply-dressed Guyanese black said yesterday as he surveyed the looted windows and debris-littered streets of Brixton: "It should have happened a long time ago. To sort things out. Something should have been done about this place long before, maybe now it will happen."

He refused to give his name: "I don't trust the police. They might come and pick me up. I'm 25, I've got a job, I've got a car, I've got a house. I've got a qualification in electronics and engineering from technical college but I've been unemployed since I left college three years ago. He was not involved in

as unemployed about double the number at the same time last year. Yet there were only 13 job vacancies. The situation had altered dramatically over the past 12 months, and he expected it to get a lot worse. Most companies had closed their books and were taking no more applications from pupils due to leave school this summer. The outlook was grim.

Young blacks were two to three times more likely than young whites to be unemployed. That was partly because they had fewer academic qualifications, but also because of racial discrimination by employers.

In 1979 Lambeth borough council set up a working party on community-police relations. The council cited "growing concern over the deterioration in the relations between the police and the community, particularly the black community."

It concluded: "The condition of community police relations in Lambeth is extremely grave. This situation is created by the nature of the police force and basic policing methods."

Because of the political

Two citizens of Brixton

How the reggae music soured for Mrs X

By Robin Young

Mrs X is a young white "professional" woman living in Brixton. She moved there about four years ago, from a house half a mile down the road.

"That little distance was like a quantum leap," she says. "Suddenly we were a black neighbourhood. All our neighbours are black. At first it was like reggae music, quite light, happy and relaxed. Perhaps I was a little starry-eyed."

"Over the last year it has become increasingly heavy, more and more aggressive. We have seen this coming."

A year ago Mrs X was mugged, in Coldharbour Lane, a street where shops were burnt and looted on Saturday night. Three young blacks attacked her. Nine others stood by and jeered. They took my handbag, and beat me up into the bargain. It was a racist attack.

"My black neighbours were very sympathetic and appalled it should have happened to me."

He arrived in Britain 11 years ago, aged 14. Two months after arriving he was arrested on "sus", gazing, he says, at a guitar in a music shop for which he had paid the deposit. He was not convicted.

"Now I don't consider myself British."

England had no future. He said, would lie in going abroad back in Guyana. "I want to contribute to life, and do something constructive, rather than end up in England and do what these kids did. I might end up doing that."

"There's injustice for both the black and the white. There's no prejudice between black and white in Brixton. People are all in the same boat. It's not a racial problem. It's a social, a political problem."

"Brixton is a nice place. It's a very good place to live. You have got all types here it's a place where you can learn."

"But there is no future. You go for a job they don't want to give you a job, probably because you are black or something. I have given up hope for applying for jobs. It's a waste of time."

Mr Bryn Davies, deputy leader of the council, said yesterday that without doubt reductions in public services were an element in creating the mood that led to the disturbances.

But his main criticism was of the police, of whom he and his colleagues had been highly critical for some time.

Mr Robin Pitt, leader of the Conservative group, accused his Labour opponents of taking every possible opportunity to denigrate the police and to represent them as an "alien force". He also believed that the hostility of the black community to the police had been fostered by "pressure groups which have preached violence and anarchy."

Miss Mary Scott, head of



Outside the Windsor Castle pub police fall back under a hail of bricks and petrol bombs.

Photograph by Terry Fincher

Communities and the police

Are there lessons in the way Handsworth became quieter?

By Peter Evans, Home Affairs Correspondent

British policing is based upon the ability of the community to 'police itself'. That tradition goes back to Saxon times. The most dangerous outcome of the Brixton and Bristol riots is that they indicate the consensus is no longer strong enough to restrain overt law-breaking on a large scale.

The question is why that happened. One clue lies in the similarity of incidents at Bristol in 1980 and Nottingham in 1970 which preceded violence there. Both concerned cafés. Both were to do with visits by the police in search of drugs. The events indicated how black people and police mirror each other in some important respects which disclose one of the reasons for a cause of conflict.

The young policeman on the beat represents an authority that the blacks feel has neglected them. He, like the young blacks, is blamed for the run-down nature of the locality whose decline white people associate with their presence.

Both blacks and police are stereotyped—the blacks by colour, the police by uniform. That is, all blacks are thought to be similar. So are all police.

The young black retreats to his "territory" there to say he has been called a "coon". The policeman retreats to his canteen saying he has been called a "pig". Another similarity is in the nature of the communities. A senior officer on a course at Bramhall Police College said: "Don't forget we're a tribe. We're a minority." Many other senior officers say the same.

Some black people complain that police loyalty to each other goes further than it should and, for example, leads them to defend each other when there is a complaint against one of their number. The police deny

this taken to the point where injustice results.

Why are young Asians not the same? The answer they give is twofold. The first is that the Asians knew they were different when they came to Britain. They spoke a different language, they had different religions.

They brought with them a welfare system and strong family support. These families have acted as a powerful restraint upon law breaking because of the shame that would bring. But there are signs of those restraints breaking down, as young Asians educated here want greater freedom.

The second wave of Asian immigrants from East Africa knew how to work with British institutions and were mostly skilled and sophisticated.

Young black people brought up here obviously feel they have a right to stay in Britain and are angered by political speeches which suggest otherwise. But even those West Indians who were born abroad and came here felt they were "British". Some of their parents' roots based on Sundays and celebrated until quite recently Queen Victoria's birthday and expected to be treated as British; they were not. Alienation may also be suffered by young black people who were left behind as children in the West Indies while their parents came here for work.

In the West Indies, under the extended family, they were treated with affection but with strictness. Years later, perhaps when they arrived in Britain, their mother's harsh discipline was not there. It is difficult for her to assert her authority. I have seen tragic examples of mothers concerned about the alienation of their children but unable to do anything about it.

For the police there have also been changes. If young blacks are active suspiciously and a young policeman is concerned about the possibility of being attacked—as many now are—then he will reinforce his position. If young blacks then arrive with lights flashing and sirens blaring causing more trouble than was initially there, some officers, calling panic cars "ice-cream vans", think they have outdistanced police from the public.

There has now been a counter-revolution within the police. Beginning in Scotland, "community policing" has now spread. This is conscious aid given by the police to build up the community where it is weak or non-existent.

Mr John Alderson, Chief Constable of Devon and Cornwall, has taken up the idea strongly. The question is whether such an approach could be used in a comprehensive way in a run-down city area.

Mr John Brown, director of the Department of Social Policy at Cranfield Institute of Technology, described Handsworth sub-division of the West Midlands Police in Birmingham, where just such an experiment is taking place in community policing, as a place in which problems of immigrant settlement (West Indian and Asian), unemployment and housing, crime and disorder, meet and compound each other.

He made a study there in 1977 (Shades of Grey—Cranfield Institute). Crime levels were high. Street robbery and theft, much of it committed by youths of West Indian origin, were of particular concern. Public order was threatened.

In a paper given in October at the University of Messing, Mr Brown wrote: "To revivify Handsworth is to find signs of change. Though unemployment, particularly among young West Indians, continues to rise, sharply in recent times, overall crime levels stay fairly constant; and more significantly, street robberies and thefts have notably declined."

"More people are about the streets by day and by night. Disorders and threats of disorder, from demonstrations and protest marches, have also declined; and there is evidence of growing trust and co-operation between police and community."

"This was symbolized by the Handsworth Festival of July 1980, a celebration of a great range of community activities in the local park, which concluded with hundreds of community leaders, black, brown and white, toasting the local police commander as the prime mover in the festival organization."

Police have contributed to school programmes and to leisure and sports activities for young people; there are links with the social services through their sub-divisional co-ordinators and through training exchanges; with the probation service through a victim support scheme; with ethnic minorities through collaboration in dealing with community problems and through encouragement of self-help schemes; with housing authorities through discussions on the control of "squats".

"As a result of this community involvement, police in Handsworth are able to act with greater confidence and with greater police backing, and to harness more effectively both community co-operation and community resources in containing crime and disorder."

Mr Brown pays tribute to the sub-divisional commander, Superintendent David Webb, who, he says, has made himself a reference point for community thinking and action through the range and quality of his personal contacts with community leaders.

That is how Superintendent Webb has helped to reduce local hostility and "aggression", inducing greater compliance and co-operation. The CID has had some notable success in the detection and arrest of local key offenders. And his permanent heat or neighbourhood police officers have developed closer operational contact in schools, temples, shops, clubs and neighbourhood associations and on the streets.

The Chief Constable of the West Midlands Police, Sir Philip Knights, has framed a community policing project in the Lozells area of Handsworth. The Metropolitan Police are also putting men back on the beat, with greater contact with local agencies and youth, where that is possible. What Handsworth appears to have shown is that race relations has once more demonstrated an old truth: that the police function best when they are part of the community, something the British wanted when the police were formed.



Brixton's tensions summed up in two faces on Saturday, were unemployment, housing and police relations, not education.

Overcrowded Brixton

Anger at move to correct housing imbalance

By John Young, Robin Young and Diana Geddes

Brixton lies at the heart of the London borough of Lambeth, which is the most heavily populated in the capital. The town hall stands beside the main A23 London to Brighton road, only 200 yards from the main shopping area which was badly damaged and looted on Saturday night.

For a quarter of a century or more it has experienced a steady inflow of blacks, predominantly of Jamaican origin, and a corresponding exodus of whites.

Although Lambeth as a whole has a smaller proportion of blacks than some other London boroughs, there are parts of Brixton where it is thought to be as high as 70 to 80 per cent.

In normal times Brixton is in appearance little different from any other working class inner city district. But there is considerable domestic overcrowding, a low rate of home ownership and a higher than average amount of privately rented accommodation.

Some months ago, in an effort to correct the racial imbalance, the council indicated that it would reserve 30 per cent of council accommodation in more

salubrious parts of the borough for blacks. That created a furor among whites, but has had little practical effect since the council has been forced to give priority to rehousing the mainly white tenants from older estates which are emptied for redevelopment or modernization.

The result has been to increase the feeling among blacks that housing in areas like Clapham and Streatham is effectively reserved for whites, while they themselves, if they qualify at all, are offered only flats on unpopular estates like Lambeth or Coldharbour Lane.

Unemployment among young blacks of 15 and under has almost doubled in the past year, and is said to be three times as high as among whites. That combined with bad housing, does much to explain the increasing crime rate. Yet it is claimed that while Brixton has a high incidence of street robberies and muggings, blacks commit fewer crimes like burglary than whites.

Mr Donald Varma, careers officer for the Brixton area, said that 784 young people aged 16 to 19, more than half of them black, were now regis-

tered as unemployed about double the number at the same time last year. Yet there were only 13 job vacancies. The situation had altered dramatically over the past 12 months, and he expected it to get a lot worse. Most companies had closed their books and were taking no more applications from pupils due to leave school this summer. The outlook was grim.

Young blacks were two to three times more likely than young whites to be unemployed. That was partly because they had fewer academic qualifications, but also because of racial discrimination by employers.

In 1979 Lambeth borough council set up a working party on community-police relations. The council cited "growing concern over the deterioration in the relations between the police and the community, particularly the black community."

It concluded: "The condition of community police relations in Lambeth is extremely grave. This situation is created by the nature of the police force and basic policing methods."

Because of the political

polarization within the council, the riots are bound to provoke accusations and counter-accusations from the two main parties.

Mr Bryn Davies, deputy leader of the council, said yesterday that without doubt reductions in public services were an element in creating the mood that led to the disturbances.

But his main criticism was of the police, of whom he and his colleagues had been highly critical for some time.

Mr Robin Pitt, leader of the Conservative group, accused his Labour opponents of taking every possible opportunity to denigrate the police and to represent them as an "alien force". He also believed that the hostility of the black community to the police had been fostered by "pressure groups which have preached violence and anarchy."

Miss Mary Scott, head of

BAOR may be reduced to three divisions and lose 1,000 posts

By Henry Stanhope

The number of divisions in the British Army of the Rhine (BAOR) will almost certainly be cut from four to three under defence plans which will be announced by the Government later this year.

The reorganised division would be larger than the present ones, but the withdrawal of a divisional headquarters alone would dispose with more than 1,000 posts as the Army fights to curb rises in manpower and money.

It will reverse the decision to cut from three to two divisions in 1974-75.

The Royal Navy is drawing up proposals for the introduction of smaller and cheaper vessels in an attempt to carry out Nato tasks more economically in the future.

Still more fundamental changes are likely to be announced by Mr John Nott, Secretary of State for Defence, in the summer.

None is likely to feature, however, in Mr Nott's first defence White Paper which he is due to present to Parliament on Wednesday. A preamble by the Secretary of State will explain that the White Paper will be seen as a holding operation while he and his ministerial team prepare their long-term strategy.

The Services are presenting rival options to Mr Nott and his men. They will make their decisions after the long-term costings review in midsummer.

The costings review is an annual exercise in which the Ministry of Defence examines its cash position for the next 10 years and makes what adjustments it can to avoid any insurmountable peaks in defence spending. It also looks at the likely gap between costs and commitments in the present financial year, a gap that could widen alarmingly in 1981-82.

Mr Nott's chief ambition is

to minimize the annual agony by pruning commitments where possible and making Britain's contribution to Nato more cost effective. Last week in a speech in Bonn he pointedly reminded the Allies that some countries (obviously Britain) were being forced to spread their resources too thinly over a range of tasks, and that Nato needed to prepare for a decade of dramatic change.

He is expected to return to the theme at the Nato Defence Planning Committee meeting in Brussels next month.

The results of his defence review, although the word "review" is virtually banned within the ministry, should be announced before Mr Nott starts the summer recess. That is Mr Nott's intention, anyway, although many remain sceptical about whether he will manage to meet this deadline.

Sources confirm that despite the need for economies, the government decision to procure the Trident nuclear missile from the United States to replace the Polaris is the country's strategic deterrent in the 1990s is regarded as sacrosanct.

Far more likely is that Mr Nott will warn Nato ministers next month that Britain must make some changes in its contribution to the forward defence of central Europe or to the protection of the eastern Atlantic sea lanes.

Meanwhile Mr Nott has also to decide between now and midsummer how far the Services can be endowed with the capability for military intervention outside the Nato area.

The term "rapid deployment force" has become almost as ambiguous as "defence review" within the ministry. A Government that is trying to reduce commitments is hardly in a position to take on any more.

Amid all the back-peddalling that is now evident in Whitehall after Mrs Margaret Thatcher's heady speech in New York, there are also signs that the Government would like to make British forces more mobile than they are.

County council elections: Cheshire

Fight for votes will be over unemployment

By John Charlton

The prospect of the county of Cheshire, once described by an early historian as "the land of some of the best", coming under Labour control is concentrating a number of minds in the still deleterious corner of the North-West of England. The county is still thought of as being primarily rural, though partly inhibited by the fact that its neighbours made a great deal of money in and around Manchester and Liverpool during the industrial revolution and who have wisely to live upwind of the smoke from the mills and factories.

The Labour Party's present confidence of winning the county council elections on May 7, partly based on the facts that since the 1974 local government reorganization the nature of the county has altered substantially.

The rich pastures of most of the Wirral peninsula were surrendered to the recently created Merseyside Metropolitan County Council and many of the well-heeled voters living in the Wirral and Wirral-on-Sea are now living and voting in the Metropolitan borough of Trafford, within the metropolitan county of Greater Manchester.

On top of that, Cheshire's county boundaries have moved north of the River Mersey to embrace such difficult employment areas as Widnes (nearly 800 job losses in the past 18 months) and Warrington (4,000 job losses).

In addition, there have been serious unemployment problems in the often unrecognized industrial areas in the centre of the "old county", places like Runcorn (4,000 job losses) and Lymm (3,500 job losses). Both the main party leaders,

Mr Allan Richardson, Conservative, and Mr Charles Hayward, Labour, agree on one point: that the county council election will be fought on the subject of unemployment in the North of England; and that whatever the Conservative controlled county council has done, either well or badly, will be of little moment.

Mr Richardson thinks a Labour victory will simply be "a sign of the Government". He and his supporters know they will have to work very hard to get their voters out, and to explain on the doorstep the local success they claim on the general theme of "value for money" in terms of rates.

Cheshire County Council has kept its precept rise down to 3 per cent. Mr Hayward thinks that Labour could win up to 40 seats in Cheshire and Mr Richardson, the very professional full-time agent for the North-West region of the Labour Party, whose predictions have seldom been wrong in this correspondent's experience, has set a number of hearts thumping.

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The possibility of Cheshire, like neighbouring Merseyside, becoming a "hunting ground" for the Conservatives' hearthbeat of Cheshire is due for a rude awakening.

Need for £2m Severn flood scheme questioned

From Arthur Osman

Shropshire is expected to question the viability of a proposed £2m Severn flood alleviation scheme for Shrewsbury, mainly because it is 35 years since the town was severely flooded by the River Severn.

Shropshire's planning and transport committee has already expressed grave doubts. This week the county council's policy and resources committee is expected to agree.

An official of the Severn-Trent Water Authority, which has drawn up the outline scheme, said yesterday: "We have had to defer the scheme from our current five-year programme because of economic pressures, but clearly Shrewsbury will gain one day be badly flooded."

If they want to take a calculated risk, that is a matter for them, and we would not go head if they did not want it. But we would prefer to safeguard them."

It was suggested yesterday that since the last big flooding in 1946 and 1947 river flood control had become more sophisticated.

The building of the Clywedog Dam and more effective control of Lake Vyrnwy, which supplies water to Liverpool, had helped.

Other factors were a considerable increase in the abstraction from the river for domestic and industrial water supplies. Large investments had also been made in protection in rural areas in Shropshire and elsewhere.

A report to the policy committee said it should ask whether there was still a need for such a scheme, bearing in mind the capital sum involved and the potentially significant environmental impact.

Three low lying areas of the town had already borne the brunt of the main flooding. The Severn-Trent authority, which inherited the problem on its formation in 1974, has deleted expenditure in its current five-year programme, but it has allowed for further investigation and detailed design by allocating limited funds.

A county official said that with the present economic conditions and pressure on the water authority's resources, and with the 35-year period since the last big flood, the county's attitude was thought to be a risk worth taking.

Putsch case lawyer gets death threat

From Harry Debellus

Madrid, April 12. One of the lawyers defending men charged in connexion with the recent attempted coup has been threatened with death and his dog has been poisoned.

Señor Fermín Maestre, who represents Lieutenant Pedro Liguero, Sánchez, a Civil Guard officer, who allegedly took part in the takeover of the Spanish Parliament on February 23, said his German shepherd dog recently died after being given poisoned food.

Señor Maestre said he later received a message, made of letters cut from newspaper headlines, which says: "After your dog, you're next."

In another development, legal action has been contemplated over the publication of an article signed by one of the most prominent coup figures, Lieutenant Colonel Antonio Tejero, and which appeared yesterday in the Madrid and Seville editions of the monarchist newspaper ABC.

The Attorney General has been asked to act against those responsible if evidence can be found of a violation of the law. In Seville, two left-wing political parties filed a complaint. Alleging that the article involved an "apology for terrorism" and "incitement to subversion".

In the signed article, Colonel Tejero attempted to justify his actions as the leader of a group of paramilitary Civil Guard policemen who held hostage the Government and the Lower House of Parliament as part of an attempted military takeover. He described the attempt as a patriotic act and expressed no regret.

With a touch of pride, he recalled in the article how he was punished in the Basque province of Guipúzcoa and transferred to Malaga for tearing down the red, white and green Basque flag after it had been declared legal.

He was punished in Malaga for breaking up a political demonstration of "Marxist public-robbers" which had been authorised by provincial authorities; and punished in Madrid for writing to King Juan Carlos in an appeal for rejection of the Constitution, which he considered godless and destructive of national unity.

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Klansmen injured

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Japan demands prompt US explanation of collision

Tokyo, April 12. A joint Japanese-American search found no trace today of the two men missing from the crew from a Japanese cargo ship which sank after a collision with an American nuclear powered submarine on Thursday.

Mr Taisi Noguchi, the captain, and Mr Sumio Matsubashi, first mate, have been missing since the collision between the 2,350-ton Nissho Maru and the submarine George Washington.

Thirteen other crew of the Nissho Maru were rescued by a Japanese destroyer early on Friday. Officials said today that the missing men were presumed to have been killed in the collision.

Japan will seek an early explanation for the collision, Foreign Ministry sources said today.

An explanation would be sought before the talks between President Reagan and Mr Jenko Suzuki, Japanese Prime Minister, due to be held in early May. Japan is expected at the talks to be asked to increase

defence spending, the sources said.

Opposition parties here will question the Government tomorrow about the sinking of the cargo ship. They are also expected to oppose an increase in Japanese defence spending, the sources said.

Mr Masayoshi Ito, the Foreign Minister, yesterday asked Mr Mike Mansfield, the American Ambassador to Japan, for a thorough investigation of the collision and for compensation.

Mr Ito is said to have told Mr Mansfield that it had taken the United States 35 hours to notify Japanese authorities of the incident and he asked whether the submarine had tried to rescue the Japanese crew.

After passing on messages of regret from the Reagan administration, Mr Mansfield promised a quick report on the incident and said the issues of liability and compensation will be addressed and handled promptly through established channels, according to the sources. —UPI and Reuters.

Peking-Hongkong link

From Our Correspondent

Hongkong, April 12. The Peking People's Daily has opened its first bureau in Hongkong. Two correspondents for the official party newspaper, who already have joined the Foreign Correspondents' Club in Hongkong, will be covering news from the South-East Asian region as well as from the colony. They will have direct telephone and Telex connections with the Peking head office.

The British Embassy in Peking formally approved the application to open the bureau, which has been welcomed as further evidence of the continuing promotion of neighbourly relations between Hongkong and Peking.

Concurrently, Hongkong's two leading communist dailies, *Ta Kung Pao* and *Wen Wei Pao*, have established their bureau in Peking, also for the first time.

Recently some Western newspapers have been closing their Hongkong "China-watching" offices and transferring to Peking. But most foreign correspondents would prefer to be still based in Hongkong.

With Sri Lanka facing the prospect of a complete breakdown in power supplies and a total blackout in a fortnight, President Jayewardene today took over the functions of the Minister of Power and Energy.

In the last few weeks the country has undergone its worst power crisis and for the first time power cuts are not being relaxed even for the Sinhalese and Hindu new year holidays today and tomorrow.

So far only factories operating in the free trade zone 20 miles north of Colombo have been exempted from the power cuts.

Basque nationalists plan coup survival strategy

From Richard Wigg

Victoria, April 12. The Basque Nationalist Party (PNV) take last February's failed military coup so seriously that they have decided to devise a strategy for survival in case another coup succeeds.

They believe their region's autonomy would be one of the first casualties of a military takeover to save Spanish unity. The decision to prepare to protect their leaders' lives and keep the party organization intact underground was taken at an extraordinary conference of the party, which ended here last night.

It had been called to study the ruling regional party's reaction to the events of February 23 and the Madrid government's decision to send troops to the region after the military wing of ETA, the Basque terrorist organization, decided to step up its campaign of violence after the coup attempt, and killed two army colonels.

An important section of the PNV, headed by Señor Zabier Arzallus, the president, said the party was engaged in a struggle with ETA for the allegiance of the Basque people, but it could not give complete support to the fight against "violence" if the Madrid government was simultaneously engaged in undermining the Basque autonomous government's powers.

The PNV is a middle-of-the-road Christian democratic party. Reporting on the autonomous government's first year in office, Señor Carlos Garaikoetxea, the Chief Minister, said that since January there had been no transfers of power by Madrid to his administration.

The PNV is the first party in Spain to have organized a special conference to analyse the coup attempt.

PNV leaders have been disappointed that West European political parties did not clearly tell Spain's top generals what would happen if they were tempted to stage another coup.

Such as barring entry to the EEC.

Señor Arzallus said: "We have lived through February 23 and we have no guarantees there will not be another coup. If it were successful, our party would be faced with clandestinity, prison or exile before a dictatorship. We should ourselves be in the same camp as those with whom we are supposed now to be fighting."

"If there was a solid political situation created by Madrid with the autonomy process, then all would be clear for us here."

The PNV was prepared to collaborate with the authorities in the intelligence field, telling its

supporters to pass on what they saw happening around them, who the Entradas were, and how they were organized, to the extent that the Madrid authorities gave the Basque government effective power to act with the national police forces through an autonomous Basque police force.

But it was hypocritical, he said, for Madrid to come to the PNV "in extreme situations like the present" when it had consistently delayed solutions to the Basque problem in the past.

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Mr Haig is convinced allies back tough line

From Our Own Correspondent
Washington, April 12

Mr Alexander Haig, the Secretary of State, has returned to Washington from a gruelling tour of the Middle East and western Europe convinced that America's allies are pleased with the more robust foreign policy being pursued by the Reagan Administration.

On the final lap of the trip yesterday, the proverbial senior official flying on the same aircraft as the Secretary of State told reporters that the visit had set a new tone for Washington's relations with its allies.

All of the nine capitals which Mr Haig has visited had appeared to welcome the Administration's tougher policy towards the Soviet Union, the senior official said.

He regarded the plethora of western warnings to Moscow about the dangers of Soviet intervention in Poland as a significant factor in deterring any such move last week.

The official also said he believed that coordinated western pressures and appeals to the various interested parties to stop last week's outbreak of fighting in Lebanon had helped to achieve a partial ceasefire in that divided country.

In response to questions from reporters, the official acknowledged, however, that some of the West Europeans were opposed to an overemphasis by the West on the threat of Soviet military action in Poland.

The West Germans, in particular, believed that too much American bluster directed at Moscow could prove counterproductive and trigger Soviet intervention in eastern Europe.

During the eight days that Mr Haig was out of the country, he was said to have been out of the country, he was said to have been out of the country, he was said to have been out of the country.

Prisoners of conscience

Sudan: Yusuf Himat Hassan

By Caroline Moorehead

An extremely sick man, suffering from a stomach ulcer and a brain tumour, is being held in Kober prison in Khartoum, ostensibly for belonging to the banned Arab Baath Socialist Party.

Yusuf Himat Hassan, aged 40, a former assistant bank manager, has neither been charged nor tried since his arrest in May, 1979.

The Sudanese national security law permits unlimited detention without charge, and hundreds of government opponents are being held under its powers.

These include members, or alleged sympathisers, of banned political parties like the Arab Baath Socialist Party, which opposes the terms of the Camp David agreement between Egypt and Israel. The Sudanese Government supports the agreement.

Mr Hassan received some treatment for his illness, which makes him constantly sick, in the military hospital in Omdurman at the end of last year; but in January he was returned to Kober prison, which has few medical facilities.

He is now believed to be getting worse. Doctors have recommended an operation, but Mr Hassan has refused, because the authorities will not agree to release him for treatment under conditions that he can accept.

Stoning sentence

Abu Dhabi, April 12—An Islamic court here has sentenced an Omani couple to death by stoning for committing adultery, the newspaper *Al-Itihad* reported.

Suggestions for resolving Lebanon crisis Syria rejects Washington's view of the Middle East

From Tewfik Mishlawi
Beirut, April 12

President Assad of Syria, who is facing increasing international pressure over his army's presence in Lebanon, has rejected the American view that the Soviet Union is a source of danger to peace and security in the Middle East.

Speaking in Damascus at the opening session of the Palestinian National Council—effectively a Palestinian Parliament in exile—President Assad said that the recent tour of the Middle East by Mr Alexander Haig, the American Secretary of State, was aimed at "building armies to fight the Soviet Union on behalf of America in order to preserve American interests in the region".

"The Americans want us to forget the Israeli occupation of Arab lands," he said.

"You are fighting your struggle with Soviet weapons, we are fighting our struggle with Soviet weapons. Now, the Americans want to convince us that the Soviet Union is our enemy."

Mr Haig did not visit Syria during his recent tour, which took him to Egypt, Israel, Jordan and Saudi Arabia. But he criticised Lebanese military action against Lebanese Christians in Beirut and the eastern Lebanese town of Zahlé.

US denies switch in African policy

From Our Correspondent
Salisbury, April 12

President Reagan's Africa envoy said today that there had been no switch in the policy of the United States Administration in favour of South Africa.

Dr Chester Crocker, Assistant Secretary of State-designate for African affairs, was speaking after his arrival in Salisbury on the fourth stop of a 10-day tour to review United States policy in Africa.

He said President Reagan and senior White House officials had made it clear that there was no question of an "endorsement of apartheid or a tilt towards South Africa."

Dr Crocker has come to Zimbabwe to meet Mr Robert Mugabe, the Prime Minister, after stops in Kenya, Tanzania and Zambia, against a background of deep concern among the United States over what is seen as a new climate of support in Washington for South Africa, specifically over Namibia.

It was reported here that in Lusaka yesterday President Kaunda had asked Dr Crocker what Western countries had in common with South Africa.

"Western civilization is based on Christianity and there is nothing in apartheid that is Christian," the President said.

The issue of Namibia was the main theme of the talks here and in other regional capitals, with Dr Crocker trying to get support for an all-party constitutional conference leading to internationally supervised elections.

The American proposal will not be well received by front-line leaders who are likely to see it as a step back from the United Nations Security Council resolution on the disputed territory.

Dr Crocker turned aside questions on the possible role for South Africa in containing the Soviet Union's advance in Africa. While the United States did not want to see Soviet expansion anywhere, he said, his main task was to "explore the threads of the Namibian negotiations."

He continued: "We bring some thoughts of our own. Also we want to listen and learn."

Another important aspect of the discussions, although Dr Crocker said he did not plan to discuss it here, is the American proposal to rescind the Clark amendment that pre-empted aid from supply to the United States guerrilla movement in Angola.

Black leaders are disturbed by the proposal.

952 million Chinese lead population table

Washington, April 12—China has 952 million people followed by India with 613 million, the World Bank reports.

These figures far exceed that of the third ranking nation in population, the Soviet Union, with 261 million people, followed by the United States with 218 million and Indonesia with 135 million, the bank said.

Brazil comes sixth with 119 million followed by Japan (114 million), Bangladesh (84 mil-

lion), Nigeria (80 million) and Pakistan (78 million).

Next comes Mexico with (65 million), West Germany (61 million) and Italy (56 million). Britain is in fourteenth place with 55 million, ahead of France with 53 million.

The figures in the fifteenth edition of the *World Bank Atlas*, represent the latest information on the world's population, the World Bank said.

In Europe, Spain ranks fifth

in population after West Germany, Italy, Britain and France with 37 million people, followed by Poland with 34 million, Yugoslavia and Romania with 21 million each, East Germany (16 million), Czechoslovakia (15 million), the Netherlands (13 million), Hungary (10 million), Belgium with 9 million and Sweden (eight million).

In Asia, the Philippines has 45 million, Thailand 44 million, and South Korea 36 million.

After Mr Haig's criticism of Syria, a Senate foreign relations subcommittee in Washington called for a total halt of American aid to Syria, amounting to \$130m (about £60m).

The full Foreign Relations Committee has also called for the withdrawal of Syrian troops from Lebanon, accusing them of becoming "occupiers" rather than "peacekeepers."

In a weekend statement, Mr Haig said the United States would support an expanded United Nations peacekeeping force in Lebanon if the fighting in this war-torn country continued.

"We discussed a role for the United Nations in the situation, and perhaps it will be necessary, if the parties themselves cannot deal with it effectively, to consider a peacekeeping force of some kind," Mr Haig said.

The suggestion was welcomed by the right-wing Lebanese Christians, who have been campaigning for a bigger international role to resolve the six-year-old Lebanese crisis. However, it has been strongly criticized by Lebanese leftists and by the newspapers in other Arab countries.

Mr Chafik al-Wazzan, the Lebanese Prime Minister said: "There is no need for an independent initiative on Lebanon without a prior request and approval of the legitimate authorities."

France, which Mr Haig said was "coordinating" with the United States for a greater United Nations role in Lebanon, has also been criticized by left-wing leaders in Lebanon.

Kuwait today officially opposed what it called the "internationalization" of any Arab problem, insisting that solutions to such problems should be reached "within the Arab framework."

Syria has about 23,000 troops in Lebanon, who are there with the authorization of the Arab League and the Lebanese Government to police a 1976 ceasefire that halted 19 months of hostilities between Lebanese factions.

The latest Syrian-Christian clashes in Beirut and Zahlé have, however, created doubts about Syria's peacekeeping role.

In view of the widely varied positions about the proposal for an expanded international peacekeeping force and the discouraging experience of the United Nations Truce Force in Lebanon (Untrif), a bigger United Nations role appears to be too difficult to achieve.

"It would require at least 100,000 troops and a lot of military equipment to keep the peace in Lebanon," a western diplomat in Beirut said.

Israel wants Syrians replaced by UN force

From Moshe Brilliant
Tel Aviv, April 12

Israel today offered its conditional approval for the reported French initiative to deploy a new United Nations peacekeeping force in Lebanon.

At the weekly Cabinet meeting in Jerusalem, ministers stipulated that the new force should replace Syrian troops in Lebanon rather than try to separate the warring Syrian and Christian forces.

Another stipulation was that the international force should be confined to the north, where the Syrians and Christians are actually fighting, and not deployed in the relatively quiet zone near the Israeli frontier, controlled by Major Saad Haddad's pro-Israeli militias.

The Cabinet did not formulate a policy formally since it did not receive any official notification of the American-French plan.

Well-placed Israelis said they did not believe there was a chance in the world that Syria would accept the United Nations force as a replacement for its troops, which is only a slight chance it would agree to a buffer force.

Syria's ultimate goal was to eliminate the Christian minority and take over Lebanon, whose independence had never been recognized by Damascus, they said.

The position of the parliamentary opposition is close to the Government's. General Haim Barlev, Defence Minister in the Labour Party's shadow

Paratroops tighten noose around besieged city

Beirut, April 12—Syrian paratroops and tanks tightened their noose around the Christian town of Zahlé today and gained control of mountain supply routes used by the rightist Phalangist militias who are defending the city.

Security sources said the Syrians landed paratroops on the hills around Zahlé and sent tanks and military reinforcements for a "final push to drive the Phalangists out of Zahlé and its surrounding regions."

The militias acknowledged the Syrian advance on the ground, but said: "Our situation is not desperate and we can—and will—continue to fight for a long time to come."

Phalangist and Lebanese government sources reported interdicted artillery and mortar battles on the hills around the besieged city, the scene of the largest Syrian offensive against

the militias since the Beirut fighting of 1978.

The clashes continued despite a ceasefire agreement which halted the Syrian artillery barrage against Zahlé after eight days of fighting for control of the city of 200,000 inhabitants, 33 miles east of Beirut.

More than 260 persons have been killed so far in the battle for Zahlé and in clashes between the Phalangist militias and the Syrians in Beirut.

In the capital, heavy fighting broke out between Syrian peacekeeping troops and Lebanese Army regulars along the green line dividing Christian Beirut from predominantly Muslim west Beirut, the state-run radio reported.

The Syrians have justified their thrust against the Phalangists in the Zahlé region by saying that the city is vital for their national security. Zahlé is only 10 miles from the Syrian frontier.—UPI.

Second time lucky: Commander John Young (front) and Captain Robert Crippen head for a second countdown and a successful launch.

Restraint on Poland at E Berlin congress

From Timothy Garton Ash
Berlin, April 12

The opening speeches at the East German party congress this weekend, the latest in the season of Soviet block party congresses, were most interesting for what they did not say.

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Mr Honcker's reticence was surprising in the light of reliable reports that East Germany argued for military intervention in Poland at last December's Moscow summit of the Warsaw Pact. It may simply be that, as one official put it, "Dr Husak has said all that needs to be said."

Yet, there are indications that the East Germans are reckoning how high the cost of intervention would be for East Germany itself.

The congress, impressively staged in the light of the motto "Forward on our well tried course" is unlikely to bring about any big changes in the domestic front. The most substantial discussion will concern the next five years' plan which was produced with difficulty just before the congress began.

Herr Honcker and his, by Soviet standards, youthful team (the average age of the Politburo is 60), are firmly in the saddle. Here, as in Moscow, the regime is waiting with bated breath on events in Poland.

France told to live boldly

40,000 Gaullists had M Chirac in Paris

From Charles Hargrove
Paris, April 12

To fill the Paris Parc des Princes for a political rally on a glorious spring afternoon in the Easter school holidays was a bold gamble for M Charles Pasqua, the campaign organizer of M Jacques Chirac, the Gaullist candidate for the presidency.

He won it hands down yesterday with a show in the best Hollywood tradition. The stadium holds 50,000, and there were 40,000 enthusiastic Gaullist militants and supporters there to acclaim their hero, waving tricolors, shouting slogans, blowing trumpets and jostling off crackers. "Chirac, Chirac," they chanted, and "On va gagner" (We shall win).

It was a cross between a cup final and the circus scene in *Ben Hur*. All that was missing, one commentator remarked, was the Golden Rooster lion.

M Pasqua had done things in a grand way. Seventeen thousand tricolor bunting and hundreds of bunting had brought supporters in from all over the country. But then, it is often claimed this champion of campaign managers could stage a monster rally in any rural backwater of the country.

The football pitch was dotted with hundreds of tricolor balloons, and the candidate's name was spelled out in huge letters on the turf. All the advertising around the galleries had been covered in with streamers in tricolor letters.

The show began after lunch and a variety concert given by leading pop stars. Then political speeches by a broad association of politicians favourable to the Mayor of Paris, alternated with addresses by leaders of the far and the state.

When the atmosphere had been suitably warmed up for the star turn of the day, a dozen present and past French Olympic champions carrying lighted torches did a triumphal sprint around the pitch. A cream coloured restraint replaced the small flags from which others had spoken, and M Chirac appeared on the monumental, tricolor draped podium.

Just at that moment, a white veil was lifted from a gigantic statue of the President, which he had unveiled in a new light grey suit, and holding his wife Bernadette by the hand, he gave a "V" sign with both arms outstretched, while the acclaim rose up to him.

He looked for all the world like the young hero who had come to brush away resignation and moroseness, and scatter the "merchants of illusion," as he called them.

Two would-be candidates lose appeals

From Our Own Correspondent
Nairobi, April 12

The Constitutional Council has rejected the two appeals by would-be candidates in the French presidential elections, whose names were excluded from the official list.

One was M Jean Marie Le Pen, the extreme right-wing National Front candidate, the other M Raymond Fournet, the candidate of the Association of Users of the Public Services. Both had failed to obtain the necessary 500 signatures of parliamentarians and mayors to qualify for registration.

There will therefore be only 10 candidates in the running.

Kenya woman sentenced for divorce case remarks

From Our Correspondent
Nairobi, April 12

Three High Court judges have committed Dr Wanjari Mathai, Professor of Veterinary Anatomy at Nairobi University, to prison for six months for contempt of court.

The case has attracted much interest. Dr Mathai was recently divorced by her husband, a businessman, when Mr Justice Chesoni held that adultery had been proved. In an interview published in a local magazine, Dr Mathai said she had not committed adultery, and said the court's finding could only be explained by either corruption or incompetence.

A motion for contempt was filed by the Attorney General, but when Dr Mathai submitted an apology, she added: "I would be being dishonest if I were to say that I feel my divorce case was handled competently or honestly. Of that dishonesty I am not capable."

The High Court judges, Mr Justice Simpson, Mr Justice Platt and Mr Justice Nyararua, held that this aggravated contempt, and the release of col-

oured balloons to carry his message symbolically to the four corners of the country. Leading article, page 13

White House welcome as President returns

From Our Own Correspondent
Washington, April 12

For the first time since the attempt on his life two weeks ago President Reagan spent a full day in the family quarters of the White House today recovering from his injuries.

He is in great shape and looks great," Dr Daniel Ruge, the President's personal physician, said after examining his patient.

Mr Reagan woke up at 6.50am after a restless night in time to watch the television launching of the space shuttle from Cape Canaveral. The President spent the rest of the day relaxing with members of his family.

He returned home yesterday after walking stiffly but confidently from hospital with his wife, Nancy, holding his right arm and his younger daughter, Patricia, holding his left.

"I walked in here and I'm going to walk out," the President quipped to doctors and nurses who gathered in the lobby of the George Washington University Hospital to bid him farewell. When a reporter shouted a question at him asking what he intended to do when he got home, Mr Reagan smiled broadly and said he would sit down.

After the five-minute ride to the diplomatic entrance of the White House, Mr Reagan was greeted by a big blue and white banner proclaiming "Welcome Home, Mr President," and by most of his senior advisers, including Mr George Bush, the Vice-President.

During a last hospital check yesterday doctors discovered that a final spot on the President's injured lung, probably consisting of dried blood or scar tissue, was clearing.

"This should move along very quickly," Dr Denis O'Leary, the chief hospital spokesman, said.

Of the other three people injured during the assassination attempt, only James Brady, 42, the White House press secre-

tary, remains in hospital. He is still making a slow but sure recovery from a bullet wound in the head. The Washington policeman and the Secret Service agent who were protecting Mr Reagan are also recovering at their homes.

As he continues to gain strength, Mr Reagan will be spending much of his time in a freshly decorated solarium on the top floor of the White House.

For the next week at least, the President will follow the light daily schedule he established in his hospital suite, namely to meet a few aides and advisers and to read important state documents for a couple of hours or so.

The President's advisers hope that Mr Reagan will feel well enough to deliver a short tele-address to the nation calling for support of the Administration's controversial economic programme before members of Congress return to work on this package.

It is generally acknowledged by both Mr Reagan's doctors and advisers that the President will not be travelling far from the White House for the next few weeks at least.

Threat to President: A Pennsylvania man, who was arrested yesterday for allegedly threatening to kill Mr Reagan, was being held in Montgomery County Prison, Harboro, today on charges of assaulting two police officers.

A Secret Service spokesman said James McCaughey, aged 42, would be charged in Philadelphia tomorrow with threatening to kill the President.

Mr McCaughey is the fourth Pennsylvanian to be accused of threatening the President since 1950. He was shot in Washington on March 30. Charges of threatening the President were brought last week in the state against Robert Wilson, aged 39, of Frederick, and Edward Richardson, aged 22, of Drexel Hill.—AP and UPI.



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St Paul's to look out on more changing shapes

Architects for the development, which will be known as No 1 Old Bailey, are T. P. Bennett and Son. Part of the old city wall lies within the site and it is hoped to uncover and

Raglan Property Trust has been selected by Newport Borough Council to develop a shopping scheme on a council estate within the main shopping area at Upper Dock Street in Newport, Gwent. Raglan's plan provides for 21,000 sq ft of retail space, comprising a 13,500 sq ft store and several smaller shops. The store will have entrances from Austin Friars and the main bus station. The smaller units will be located along Dock Street and at the bus station entrance.



The development, expected to cost about £1.5m, will start this autumn. Architects are John Brunton and Partners, of Bradford; letting will be through Harnell Taylor Cook, of Bristol. Good progress is being made in St Albans, Hertfordshire, where Brereto Consulting have been nominated as development

mezzanine and first floors amounting to about 8,100 sq ft, likely to be offered in one or two units. The frontage on Richmond Green is a terrace of Georgian buildings listed grade two — of special architectural

The scheme will have an estimated investment value of £750,000 and architects are Archer Boxer Partners; joint letting agents Moulton and Benn and Frank Innes.

And that, readers, is that. This is my final article before retirement. It ends a period of 29 years on *The Times* and 26 years dealing with property matters in its pages. My very best wishes to you all, and as for me — I have had a lot of fun.

Gerald Ely

DR. J. S. HARRIS
(CONSULTANTS):

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By John Nicholas.
Coveentry o Manchester Utd.
Unless Coveentry City can quickly recover the semblance of the team they showed last season, they will soon be even more dangerously poised near the bottom of the league than they are at present.

The first two halves of the match, steadily down the league table and Gormley's performance, were a low level of play that can be halted. Manchester United are an outstanding team this year and have a low level of play and two goals by Jorday made the match safe half time.

Manchester United are not making any chances of their own they did, but were snatched away from them by the referee. Wanda were guilty of just about every failing in the soccer game and the referee was guilty of all or was confused. There were several occasions when a first half stop might have caught Bailey by surprise and the referee would insist or attempt to shift the responsibility of scoring to come and a chance would be gone.

Thomas was an honourable captain to the despairing utterance of his players and the referee and Bannister also never stopped.

[illegible][illegible][illegible][illegible]

Echoes of America's long hot summers

When I walked through the streets of Brixton yesterday morning I was instantly reminded of similar mornings after in the United States. The burned-out and looted shops, the piles of broken glass, the watchful police and the carful black youngsters, who might well have done the burning and the looting, especially reminded me of the 1968 riots in Washington.

The looted shops had sold clothing and jewelry. Food shops had been ignored. There was no remorse; instead, well rehearsed complaints of oppression and the occasional flexing of racial muscle with the prospect of more violence to come. One handsome and well-dressed woman only regretted that she had been home minding the children and not burning and looting.

Black families in their Sunday best coming from church with palm fronds in gloved hands were another reminder. Brixton's West Indian community is not large, and the majority are law-abiding citizens who want to get on and do well by their children.

There were other reminders, but Brixton is not Washington's black ghetto. That night when it and other ghettos exploded after the murder of Dr Martin Luther King Jr the death toll was 39 and nearly 20,000 rioters and looters were arrested. No one was killed on Saturday night and fewer than 120 arrests were made.

The police were unarmed and

the troops had not been called out. The whites had not fled. Nevertheless, the authorities must be wondering if Britain is to have a long hot summer, as the season for racial violence was known in the United States. They must also be asking what are the causes of violence and how it can be prevented.

Despite the obvious differences in national character and experience, the final report of the National Commission on the Causes and Prevention of Violence, published in Washington in December 1969, is a useful reference. For instance: "America has always been a nation of rapid social change. We have proclaimed ourselves a modern promised land, and have brought millions of restless immigrants to our shores to partake in its fulfilment. Persistent demands by these groups — by the western farmers of the revolutionary period, later by the Irish, the Italians and the Slavs, and more recently by Puerto Rican, Mexican and Negro Americans — and resistance to these demands by other groups, have accounted for most of the offensive and defensive group violence that marks our history."

Commonwealth immigrants to Britain also saw the island as a modern promised land, perhaps more promising than nineteenth-century America because of the welfare state. By the standards of their countries of origin and in line with their own expectations of immigrants, most have done modestly well. Poor housing and long hours



Troops in gas masks patrol a Negro area of Washington after the 1968 riots.

in sweatshops blight the lives of some, but the immigrant who landed at Heathrow was generally better treated than the American black from Mississippi who got off the Greyhound bus in New York or Chicago. Our immigrants were resented by the tiny minority of Fascists and assorted fascists, but we have avoided much of America's group violence.

Not entirely of course. Brixton is a brutal reminder of the violence which invariably attends immigration, and West Indians, who appear to have done less well than those from the Indian sub-continent, have been more prone to violence.

The American report continues: "To be a young, poor male; to be under-educated and without means of escape from an oppressive urban environment; to want what the society claims is available (but mostly to others); to see around

oneself illegitimate and often violent methods being used to achieve material gain; and to observe others using these means with impunity—all this is to be burdened with an enormous set of influences that pull many towards crime and delinquency. To be also a Negro, Puerto Rican or Mexican-American and subject to discrimination and segregation add considerably to the pull of these other criminogenic forces."

That paragraph sums up the conditions of many young blacks in Brixton, especially in this period of high unemployment, although by realistic standards it is not an unduly oppressive urban environment. Some of the reasons for the mean and rundown, but it is a typical working-class neighbourhood no worse than some and better than others.

different, and young blacks see around them "illegitimate and often violent methods being used to achieve material gain". The street culture corrupts many of them and deters others from seeking escape by way of school, the public library and by hard work when jobs are available.

What to do? The American report warned against dependence on police and other control measures. "The way in which we can make the greatest progress towards reducing violence in America is by taking the actions necessary to improve the conditions of family and community life for all who live in our cities, and especially for the poor concentrated in the ghetto slums."

Financial restraints will prevent any dramatic improvement, and arguably big spending programmes will not persuade that well-dressed

woman I met in Brixton that she is not oppressed. Her husband is an electrician who brings home about £80 a week, and she is entitled to children's allowances. She expressed herself content with the new council flat in which she lives, but she still wants to burn and loot.

No doubt she is one of a small minority, but not many outspoken people are required to convince thick and white alike that conditions in Brixton are much worse than they actually are. They also appear determined to deepen the division between the races.

The young West Indian, Stokely Carmichael, tried to do that in Washington. He was successful for a time, but the so-called long hot summers came to an end partly because many whites were righted but mainly because the law-abiding black majority asserted itself.

Louis Heren

Shuttling to laser beams in space

One of the least discussed aspects of the maiden flight of the reusable space shuttle launched from the Kennedy Space Center, Cape Canaveral in Florida, is the change it brings to the military balance of power between the United States and Russia. Yet the project is a joint enterprise between the National Aeronautics and Space Administration and the American Department of Defense.

Moreover, the design of the spacecraft has been influenced strongly by the United States Air Force. The vehicle launched yesterday, Orbiter OV-102, Columbia to give it its full name and serial number—is only the first of a fleet of such space ships under construction. The next two members of the family, reusable transporters, Orbiters OV-103 and OV-104, will carry out flights for military purposes from the Air Force base at Cape Vandenberg, in California.

The uses for defence purposes include placing and retrieving large satellites in orbit, and can be launched by the present generation of expend-

able rockets; installing space platforms with laser weapons as part of an anti-satellite project; the construction of huge lattice towers, like the pylons, carrying early warning radar and infra-red equipment; and the launch of payloads, such as communications and navigation satellites, into the synchronous orbit more than 22,000 miles above the earth.

The US Defense Department plans to replace the existing series of Big Bird spy satellites, which weigh about 11 tons, by a larger variety weighing nearly 15 tons that, more importantly, can be returned intact to the ground and reused. The Big Bird satellites are launched from the West coast into a polar orbit so that they pass over the Soviet and Asian land mass.

There is a penalty for launching in a polar orbit. It is reflected in the extra fuel needed by the spacecraft at the expense of the payload. A shuttle Orbiter launched from Cape Canaveral can carry a cargo of up to 30 tons in its enormous cabin with the capacity of a box trailer 60ft long and 15ft wide;

hence the same shuttle has earned of being a space truck.

A shuttle launch can be organized more rapidly than flights with the conventional rocket because an Orbiter is designed to be overhauled and ready for a new mission within two to three weeks. That ability opens a new dimension for the armed services in how to conduct surveillance of Soviet missile installations and nuclear submarines. The most important military spaceborne activities are observing Soviet and Chinese weapons by satellite; establishing strategic and tactical communications; verifying the frequencies of transmissions agreed under SALT 1; and the development of methods of protecting satellites from attack.

In fact more than \$50m is spent each year on methods to help spacecraft survive damage by developing greater manoeuvrability, resistance to jamming, and shutters that automatically cover sensitive camera lenses and infra-red detectors if tracked by a laser beam. With the prospect of repairing satellites in orbit, or

returning them to the factory for maintenance, the life of a spacecraft should be considerably extended.

But the risks from killer satellites have been reinforced by the two recent Russian tests in which a target spacecraft was damaged by a satellite carrying an explosive charge. On detonation, the shrapnel from the disintegrating killer satellite penetrated the target.

Incidentally, these tests break the spirit and the letter of the Outer Space Treaty signed by the United States and Russia and 72 others, which declared outer space as a zone of peace. That notion began as an illusion because it was conceived after the first satellites for military communications and reconnaissance were already circling the earth. Clearly there was a tacit acceptance in SALT 1 that the spirit of the space treaty had been breached when, as a means of monitoring the other side's compliance with arms control, the practice of verification by satellite was written into agreements.

Work on anti-satellite weapons

by the Russians started in 1967. The Americans had a brief flirtation with this type of vehicle but after two experiments in orbit the project was dropped. Along with other cuts in 1969 that ended plans for the Defence Department's Manned Orbiting Laboratory which would have established a platform for reconnaissance work. That space station was intended to have a two-man crew, on five missions of up to 30 days each, testing the advantages of military surveillance with men operating the monitoring equipment.

Recent Russian successes in establishing new records for men operating in space in a Salyut space station have established that idea. With hindsight, it is easy to see a well-defined plan by the Soviet Union for a much longer-term space strategy than the American political hiccups.

The command of earth orbit has clearly always been a Russian goal, and the logical progression, through the first six Vostok and the two Voskhod manned spacecraft to try the

foundation for the long series of Soyuz and Salyut missions is obvious now. A permanent orbital Soviet station in the 22,000th class is expected under development for launch in about three years' time, to be manned by up to 12 cosmonauts. A Russian equivalent of the reusable winged shuttle is expected in seven to eight years' time.

But by that time the American Orbiter series should have enabled the United States

Defence Department to have designed much of their vital networks that are spread between USAF DSCS-3 (the designation for the third generation of military communications satellites), FleetSatCom and AFSatCom (special links to naval vessels and aircraft) and a host of far more complicated spacecraft for detecting the heat plumes from ICBMs or low-flying aircraft like the Soviet Backfire supersonic bomber, which could come in beneath the radar sweep.

Pearce Wright
Science Correspondent

The week that was—or wasn't?

Paul Routledge assesses the latest TUC campaign against Government economic policy

It is just as well that Mr Len Murray, general secretary of the TUC, does not gauge the impact of the unions' "week of activity" by the column inches it rates in the popular press. By contrast with the obsessive interest in the May 14 Day of Action last year, the past seven days of rallies, marches, lobbies and conferences have been practically ignored.

The TUC judges the success of its campaigning by Congress House criteria, and by that test it was a resounding success. The labour movement's "alternative strategy" of boosting the economy through public expenditure is more widely disseminated and understood, and the anti-monetarist analysis is gaining a firmer hold. In their own jargon, the TUC mandarins insist they are "winning the argument."

But are they? Not even ministers considered to be receptive to their ideas such as Mr James Prior, the Employment Secretary, concede any such thing. And in any case, winning intellectual battles is no guarantee that an obstinate government will then feel obliged to change course.

The lesson of the miners'

strikes that halted ministerial plans to close 23 pits at a cost of more than 13,000 jobs is surely that Mrs Thatcher's Cabinet only retreats when faced with a combatant who really roots in the ground. Speeches and rallies may be fine and uplifting, the stuff of which the labour movement is made. But they can be safely ignored by a government determined to stick to its guns. What is more, from the trade union point of view, the very fullness of such gestures may actually undermine the already diminished credibility of the TUC.

At the rally in London last week, Mr Dennis Skinner, MP (who is sponsored by the miners' union, it should be remembered), castigated the TUC for holding back the troops. And Mr Bill Keys, the printers' union leader, argued that the union movement had acquiesced in government policies since the Tories took office, a posture from which they were only now beginning to emerge.

Some unions, of course, have

been less acquiescent than others. The steelmen fought a valiant struggle over pay, only to lose over plant closures. The miners have consistently fought public sector pay freezes and have now notched a considerable victory on the wider front of subsidies for their industry. The civil servants are locked in a very deep conflict with the Cabinet over pay, and workers in the monopoly service industries—gas, water and electricity—have all pushed through the single-figure pay barrier.

But they have been the exceptions rather than the rule. Days of lost work strikes have tumbled dramatically as the recession took its toll across industry and cuts in Government spending were reflected in job losses—the loss, for instance, of 10,000 bookbinders

jobs through the collapse in school book ordering. Against this background, the TUC, kept out of the corridors of power and incapable of delivering militancy on the shopfloor, begins to look altogether less relevant. That was the analysis behind the formation of the Triple Alliance of railwaymen, miners and steelworkers. Whatever the quality of its policy paperwork, the TUC's showing in terms of results is far from impressive.

That analysis must also to some degree explain the relative greater enthusiasm for the narrow-scope People's March for jobs being held next month. Starting from Liverpool on May Day, a column of at least 500 unemployed workers will wind its way to London, arriving for a huge demonstration on May 29. The Transport

and General Workers' Union nationally is committed to spend £25,000 on "the biggest single campaign to awaken the nation's conscience about mass unemployment, springing from grass roots trade union demands for action". The operation is expected to cost about £80,000.

The whole front page of the April TGWU Record, the union's widely circulated journal, is given over to publicising the march and detailing its support. But the TUC week of activity was relegated to a few inches on the back page which covered only the textiles and transport lobbies.

Though it has clearly captured wide attention and support, the People's March does not have the personal endorsement of Mr Len Murray. Three TUC Regional Councils, the North-west, Midlands and South-east, are organizing it, and some of the main figures are Mr Jack Dromey in London and construction workers' official Mr Peter Carter in Birmingham, are men of the hard-nosed left.

Mr Murray prefers to keep

his distance from the march, arguing that it is a regional matter and that if the Congress House machine became involved, it would have to take over the whole thing completely. In fact, the TUC general secretary is likely to be away when the marchers arrive.

So there is evidently something of a gap between the "officials" in Great Russell Street and the political activists in the movement who will certainly seek to turn the People's March into a broad attack on the Government in the hope of making it a springboard for a more self-confident militancy in the unions. This was the unrealized hope of the left in the wake of the 1980 Day of Action.

At the winding-up rally of the week of activity in Bradford on Saturday, Mr Murray said the Prime Minister was presenting a resolute exterior to the public but away from the public eye "a tremulous and glibly uncertain must be nudging and nagging her. She ignores them at the nation's peril." With so much effort going into the People's March, there may be some goblins of uncertainty nagging the TUC general secretary.

leaps to a new approach

However short they may be on detailed policies, the Social Democrats are rapidly amassing an impressive corpus of more general political theory. Hard on the heels of Dr David Owen's massive book, *Face the Future*, comes a rather slimmer volume from Mrs Shirley Williams, *Politics is for People*, which is published today.

Mrs Williams was able to see the proofs of *Face the Future* before completing her own manuscript in January. As a result, she has avoided detailed treatment of areas, such as industrial co-operatives and profit-sharing schemes, already decentralised themes, Mrs Williams covered at length by Dr Owen. She concentrates on the more education, new technology and employment, and on overall economic and industrial policy, and foreign affairs.

The central argument of the two books is essentially the same. Like Dr Owen, Mrs Williams finds much to commend in the "small is beautiful" approach and much wrong with our present over-centralised, corporate society and economy. She calls for more community and voluntary involvement in social services, more open government and reform of Parliament (although not, surprisingly, for proportional representation).

"I remain an agnostic as to that," she says, and reaffirms her well-known commitment to internationalism, the Third World and the European Economic Community. Her book begins with an assessment of the considerable economic, political and social achievements of the social democratic consensus which has ruled Britain and most of Western Europe since the war. She goes on to argue, however, that "politicians, and in particular those like me who believe in social democracy, will have to make a quantum jump in their thinking, a leap to a new approach. If we do not, we move forward from the achievements of the post-war years."

"Socialism," she writes, "was a response to the particular kind of structure created by the Industrial Revolution. But the modern post-industrial economy is very different from nineteenth-century industrialism. A traditional socialism steeped in old industrial attitudes and based on the class war has become obsolete." Mrs Williams offers an interesting definition of social democracy: "a commitment to an ordered, but not a revolution, rather than revolution to bring about socialism. 'There are two strands of socialism at present: muddled up,' she says, 'both have a commitment to equality and public ownership. The revolutionary strand is for the ownership of the means of production, the problem of the unchangeability of the power that it throws up. I don't think Tony Blair and his cohorts have faced up to that. I now feel that the only way forward is through a pluralist economy.'"

Although she calls for a "quantum jump" in political thinking, her goals remain the conventional ones of Keynesianism. She is firmly committed to the principles of a modern, steady state of economic growth and of full employment in the formal economy.

It is her remarks on securing full employment that will probably strike most readers as the most original and stimulating section of the book. She argues that it can be achieved partially through a massive expansion of training facilities and opportunities for both adults and school-leavers, an extension of job creation schemes, and major changes in taxation policy so that labour is not penalised. Ultimately, however, she believes that unemployment can only be combated by a radical change of attitude on the part of manufacturers, designers and economists to the two factors of labour and capital. "The West has operated on the principle that you improve matters by substituting capital for labour, wherever possible," she says.

Politics is for People. Allen Lane (hardback) £8.50, Penguin (paperback) £2.50.

"I think we will have to alter the whole approach." She feels that the high and increasing costs of energy will encourage the redesign of manufacturing processes to give a greater input of labour. She would also like to see the extension of what is known as "human asset accounting" and has persuaded the Organisation for Economic Cooperation and Development to undertake a major study of how far the West could be made more labour and less capital intensive.

In keeping with the overall decentralised theme, Mrs Williams calls for specific measures to help small firms. She would like to see the introduction of a loan guarantee scheme, local enterprise trusts, and more flexible tax arrangements for small businesses. In that way she hopes that enterprises which are now operating in the so-called "black economy" could be legitimized.

Her chapter on trade unions concentrates almost wholly on the need for an incomes policy coupled with industrial democracy. She says nothing about legal curbs on trade union power, largely because she feels that, without industrial democracy, they are irrelevant and misconceived.

Views unchanged on public schools Her own view is, in fact, that on the closed shop the case for abolition is so strong that it is almost a foregone conclusion. However, those who do not join should be required to pay the equivalent of their union dues to a charity approved by the union. In that way, she says, people would not gain financially by not being members of a union.

She also says that she would not be against making contact between unions and employers, although, once again, she feels industrial democracy is more important. She says, "you cannot make a contract legally binding unless you have a process of consultation. With the present structure, it would be an invitation to have general secretaries unseated."

In her chapter on education, Mrs Williams repeats her well-known conviction, not shared by other members of the "gang of four" who would abolish the school system. She writes: "It is with reluctance that I for one conclude that the freedom to send one's children to an independent school is bought at too high a price for the rest of society."

She also argues that the British education system is bedevilled by the divide between vocational and academic training and that they should be brought closer together. She would like to see universities developed as resource centres for their local communities with funds built up to finance summer schools and adult education classes.

Despite the decentralist and libertarian rhetoric, Mrs Williams' proposals still involve a fair amount of government intervention. She feels, however, that it could be achieved in a much less direct and heavy-handed way than hitherto.

"I think government ought to set a broad framework and then let people operate freely within it. On industrial democracy, for example, it should require firms and unions to negotiate in good faith, which conform with broad government guidelines."

"We are much too gossamer at the moment. I don't think it's the business of the state to say that every woman should have her baby in hospital, although it is a point on the dangers of home births. I think the state should set minimum standards, supported by subsidy. Beyond that it should be up to communities to provide more, using local income tax to do so."

Ian Bradley

Politics is for People. Allen Lane (hardback) £8.50, Penguin (paperback) £2.50.

In a Manhattan garden, a sharp dose of spring

Nothing happens gradually in New York. It is a sudden city. Seasons do not blend into each other as they do in more temperate Europe, the end of winter blurring imperceptibly with the beginning of spring. Instead, spring comes up on you as a swift, sharp shock, like a mugger on the Eight Avenue subway.

This year it came in the last weekend of March. A week earlier we had been bundled in our winter woollens, wearing off temperatures below freezing point. Then the winds switched to come up from the South and the mercury climbed to more than 70 degrees Fahrenheit.

As it happened, that was the weekend when, in my official capacity as vice-president of the garden club on Roosevelt Island—that Manhattan off-shore island where I live—I had to accompany the president on her annual tool-buying pilgrimage. We drove in her Toyota to a hardware store to pick up the spades, forks, rakes and hoes that we provide for

the communal use of island gardeners.

The shop was not accustomed to mass purchases of that kind. We bought eight spades, eight forks and a couple of rakes and hoes. "Do you work on a farm?" asked the girl at the checkout, as the pair of us, assisted by the president's small son, staggered there in relays with the loot. Two hundred dollars quickly changed hands and the stuff was ours.

While the president went to fetch the tools and stacked them on the pavement outside, Passers-by inspected the price tags and, assuming we were selling them there, tried to buy them from us.

"That looks a good deal," said a burly man with a moustache, feeling for his wallet. I directed him inside.

I have previously noted here the tendency of New Yorkers to run in packs like wolves or lemmings. With a fine Sunday immediately following the day of the purchase, gardeners swarmed to the shed to snap up

the tools and break ground for the season. Gardening here is strictly a spring-to-autumn sport.

The scene on the allotments, north of the baseball field and facing the Manhattan mainland, was like a Chinese paddy-field or a cotton plantation at harvest time. Dozens of toolers bent low over the earth, wielding their shiny new implements, worrying away at the soil.

Old acquaintances were renewed, some unseen since last October. I am not sure what they do in the winter; probably sit in their rocking chairs, poring over seed catalogues, until the appearance of the Hollywood Oscar ceremony on television tells them it is spring.

As I was forking in the annual load of peat, a woman called me to inspect her maggoty "Little white grub," she said, in alarmed and almost accusatory tones.

I walked over with grave authority, not wanting to



destroy her confidence in my skills at crisis management. Little white grubs are exactly what they were, scurrying below the surface. "Hmmm," I hummed, staring at the earth. "Soil-borne." That glimpse of the obvious did not seem to satisfy the plaintiff so I blundered on. "Some sort of weevil, perhaps. Could be a parasite, like onion fly. A carrot fly, possibly."

"What can I do?" was the next question.

"White powder from Woolworth's," I replied with brisk conviction. "It's an all-purpose insecticide. Just dust the soil with it." Then I walked away to consider a similar problem of my own.

I had not wanted to confess, but on my allotment I had something more alarming than maggots, white round blobs, the size of tiny ball-bearings, very like that pelleted styrofoam packing material you sometimes come across. A fungus, I guessed. Perhaps the magic white powder would handle that, too.

After preparing the ground

with peat, manure and fertilizer, I had initially intended to make only one planting that day—sugar peas, which like to get an early start. But it was such lovely weather and, though a bit dry, there was rain in the forecast, so I thought I would go ahead with a major implantation.

After the peas I put in some beetroot, then lettuce, then spring onions, then rocket, a highly-flavoured salad herb, before the reason began to then leaks. I found a clump of small onions which had somehow survived the winter so I separated those and planted them in the peat to see if they will develop.

More onions are starting life indoors, behind the living room window, along with some Brussels sprouts. With these I hope to astonish the natives, for sprouts are not often grown here.

Sure enough, the forecast rain fell on the Monday and the weather stayed warm, sowing the seeds a nice start. By the following weekend, many were poking their heads above ground.

Meanwhile, I have started two lots of tomatoes indoors. One variety is Early Girl, extraordinarily successful last year—plump and flavoursome fruits by July. The other is a later variety, Last Year's Hope, supposed to be April 20, so the early ones will be sent outdoors not long after that.

We gardeners are a docile lot, partially compared with the other militant special-interest groups on our island, but before the season began we did come as near as we ever get to an internal conflict. It was over a fence.

New Yorkers, for reasons which are apparent in their newspapers every day, worry a lot about security. The island has a prime rate by Manhattan standards but people do not like vegetables in the summer. Lots are sold, some no doubt, to women with large shopping baskets walking across from the adjoining borough of Queens and helping themselves to the free and succulent vegetables and green peppers.

A group of gardeners, understandably valuing their produce

and being defensive about their private space, thought we should have a high wire fence put all the way round the allotments. I disagreed for sentimental and practical reasons. Sentimentally, I did not like to think we had a problem. Vegetables are so idyllic an undertaking that it is spoiled by considerations of thievery and turpitude. I would sooner not count my tomatoes.

Practically, I did not think the fence would work. It would simply be a challenge to potential tomato-takers and it might also encourage random vandalism, in defiance of the authority the fence would represent.

An even less controllable threat to fertility this year was the weather. Like much of America, New York had an exceptionally dry winter and there is a risk of restricting the use of water on gardens. In the end, this may prove a more real cause for worry than the light-fingered, heavy-laden ladies from Queens.

Michael Leapman

THE TIMES

BUSINESS NEWS

60 YEARS OF
EXPERIENCE EXPERTISE
AND TEAMWORK
TAYLOR
WOODROW

Push in the
light
direction for
shipping? p 17

Stock markets

FT Ind 551.3
FT Gils 69.63

Sterling

\$2.1820
Index 99.2

Dollar

Index 101.5
DM 2.1527

Gold

\$492.50

Money

3 mth sterling 12.4-12.4
3 mth Euro \$ 16-15
6 mth Euro \$ 16-15

IN BRIEF

Taxation policies making rich richer

Families now pay more for earnings in income tax before the Government's cuts. Budget in 1979, moving to a Low Pay Unit in 1980.

Tory tax policies have made the rich richer while the poor pay more. It also claims the number of families in "poverty trap" has increased by at least 40 per cent since 1979.

Those earning more than a week paid a small increase in their income tax before the Government's cuts.

Operation call on energy problems

International cooperation is needed to deal with energy problems, delegates member countries of the Organisation for Economic Co-operation and Development at a Symposium in London.

Cooperation should be members of the Organisation of Petroleum Exporting Countries and other Third World countries.

de figures delayed

Publication of the figures by the Government has been postponed indefinitely because of the Service dispute.

The processing of import and export information.

Work expands

United Kingdom defence industry is "healthy and expanding". Exports have stagnated for years at about £600m, according to an Inter Company report out today.

stry reform plea

Institute of Directors is other employers' organisation to form a united front to the Government in industrial relations measures.

It said it was doubtful if last year's Employment Act could provide the long-term legal work.

arts inquiry call

Michael Grylls, MP for West Surrey and chair of the Conservative Information Committee, has called on Sir Biffen, Secretary of Trade, to set up a committee of inquiry into the state of the British Air Authority which has been described as "inefficient, overpriced and unresponsive to the needs of the air."

Output rises

Textile production in the UK rose 1.5 per cent over the year although output was 8 per cent down on the year 1980, according to the Office of Statistics.

ishing contract

On Russell, the Royal Navy's furniture manufacturer, Worcester has secured a £750,000 contract for solid oak furniture for the new offices of the Foreign Office at King's College London.

emala oil find

has been struck in the area of northern Guatemala by Texaco and Amoco jointly drilling here.

discovery

gold has reported gold in 35 miles south-west of the town of Sumburg.

TUC recommends abolition of external finance limits for state industries

By Paul Routledge
Labour Editor

The TUC is putting proposals to the Government for the abolition of external finance limits for state industries. The union's proposal is to allow state-owned industries to raise money on the open market for the first time.

Members of the influential TUC Economic Committee agreed to circulate a confidential 10,000-word policy paper around Whitehall so that immediate pressure could be exerted on the Government.

Union leaders believe that the present financial framework is "unfair, unworkable and incoherent" and that Cabinet policy is "destructive" to state-owned industries.

The paper has also been sent to the Nationalized Industries' Chairman's Group, which has set up a study group on different ways of financing the nationalized industries.

TUC leaders believe that external finance limits are a "thoroughly inadequate form of financial control" of state-owned industries.

Many nationalized industries have over the years borrowed funds on the domestic and international capital markets.

This practice held no threat to the principles of public ownership and control.

The nationalized industries, from the other end, rather than starting from "narrow financial issues", the plans of each industry should be agreed between the industry, the Government and the unions.

Investment levels to achieve the plans should be decided, and finance then raised.

This is surely a more sensible way to use the nation's resources than the debilitating and often ideological shifts in policy to which our nationalized industries are subject, the policy paper says.

Overnight grants to industries or the meeting of a revenue deficit should continue to appear in public expenditure planning totals, but the TUC urges ministers to accept that different considerations apply to investment.

"Investment to meet an agreed plan is not a burden which the economy has to bear, but a proper and responsible provision for the country's future," the document says.

"Government loans for nationalized industries' investment should therefore be treated as a completely separate item in the public accounts."

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like their EEC counterparts, should be free to issue bonds to the general public and raise loans in all appropriate ways on the capital markets. There is no reason why any sums so raised should be accounted as part of the public sector borrowing requirement," it says.

British Telecom is cited as a state concern that could issue bonds.

"If the industries were allowed to issue bonds, it might for promotional purposes be useful to link these bonds to specific large-scale investment projects in the public sector, such as rail electrification, a gas gathering pipeline or the renewal of the sewerage system."

It is unlikely, given the close integration of such projects into an industry's network and the need for a public corporation to maintain control of its pricing, that investment funds from the private market linked to such projects could be genuine risk capital. The bonds would receive a fixed rate.

Adding that many industries have long had subsidiaries partly owned by private industries (for example, the National Coal Board's Ancillaries and Transport Groups), the TUC suggests that in certain sectors new joint public-private subsidiaries might facilitate investment and the extension of the public sector.

The Government, which commissioned the report on the economic implications of private sector competition for British Telecom, stopped its findings being published last Tuesday.

The report was submitted to the Department of Industry in January.

Differences of opinion within the Government are believed to have prevented the report being published.

Professor Beesley is thought to be strongly in favour of the private sector providing services in competition to British Telecom. He is also believed to favour the lifting of financial constraints on British Telecom.

A copy of the report has already been studied by Sir George Jefferson, chairman of British Telecom, who will be asked to advise on relaxing the cash limits placed on his corporation, but will be asked to oppose any siphoning of revenue from some of the corporations' more lucrative sectors.

Although the report is expected to be published in full within the next month, the Government is clearly undecided over how to pacify the opponents of unbridled competition.

Without making any recommendations, Professor Beesley is believed to have urged the Government to give due consideration to the liberalization of "inter-industry" telecommunications links, a subject outside his brief.

Another source of some contention between the Europeans and the Americans has been the various cuts in United States foreign aid.

The French have gone further than other countries in the level of subsidy given on export credits to overseas customers.

The question of subsidies has also been given a new twist by the announced intention of France and West Germany jointly to raise the equivalent of £2,700m of long-term credits on the international capital markets. This money is to be lent at subsidized rates of interest to finance projects in the two countries.

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Investment levels to achieve the plans should be decided, and finance then raised.

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Overnight grants to industries or the meeting of a revenue deficit should continue to appear in public expenditure planning totals, but the TUC urges ministers to accept that different considerations apply to investment.

"Investment to meet an agreed plan is not a burden which the economy has to bear, but a proper and responsible provision for the country's future," the document says.

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Revenue flow needed to hasten cut in interest rates, CBI says Employers urged to pay taxes direct

By Patricia Tisdall

Management Correspondent

A further call to employers to frustrate civil service unions' attempts to delay tax payments is expected to be made by the Confederation of British Industry this week.

Industrialists are expected to be advised at Wednesday's meeting of the policy-making CBI Council that it is in their own interests to make PAYE and other tax payments direct to the Government. They will be told that the more revenue that reaches the Exchequer the quicker interest rates will fall.

Letters have already been sent out by Sir Terence Beckett, the CBI's director general, urging members to make their payments through National Giro or bank giro direct to the Government. It is understood that Sir Terence's letter reinforces the more detailed advice sent to the 30 largest employers by the Inland Revenue's Regional Controller.

This asks employers to use the credit forms already supplied with booklets of payments by the Inland Revenue.

While no unusual procedures are being advocated at this stage, the aim is to by-

pass bottlenecks caused by industrial action at the main PAYE processing centres at Cumbernauld and Shipley.

Industrialists leaders hope that if they can persuade their members to continue to make payments direct to the Government, they can reduce the figure of arrears from £750m and £1,000m which the Treasury estimates was cut from expected Government revenue for March.

Employer organizations are united in urging the Prime Minister to stand firm on the civil servants' pay claim, and to concentrate representations on winning a reduction in public expenditure generally.

The CBI's council will hear on Wednesday the first report from a task force which is analysing public accounts to see where savings can be made.

All categories of employers groups are angry that private industry has suffered many more job losses and redundancies than the public sector. The task force, headed by Mr Malcolm McAlpine, is expected to concentrate its scrutiny on manning levels and efficiency in local government as well as Whitehall.

Individual employers are being asked

not only by the CBI but also by the Association of Chambers of Commerce and the Institute of Directors to help the Government's own attempts to keep public sector wages down by paying their taxes.

The national council of the chambers of commerce association agreed unanimously at its meeting last week that it would urge member firms to "cooperate fully with the Government in trying to break the strike", and Sir Monty Finiston, the president, wrote to Mrs Thatcher at the weekend to assure her that support would be forthcoming.

A more persuasive argument for less militant employers however will be the promise that cooperation will speed up a reduction in interest rates.

Sir Geoffrey Howe, the Chancellor of the Exchequer and Mrs Thatcher have consistently emphasized that a reduction in interest rates will depend on the public sector borrowing requirement. It is estimated that the industrial action by the Civil Service unions has boosted the central government borrowing requirement to about £13,000m compared with the £12,700m predicted for the financial year just ended.

CEGB chief protests at failure to receive monopolies report

By Nicholas Hirst

Mr Glyn England, chairman of the Central Electricity Generating Board, yesterday complained in the strongest terms that he should have received a copy of the Monopolies Commission report on his industry at the same time as it was presented to ministers.

Ministers received the report in the first week in March, but Mr England has yet to receive a copy. "In cases like this where the report is an audit on the efficiency of the organization it is quite wrong that we have not received a copy," Mr England said.

His complaint will be made more formally tomorrow, when he addresses the Electricity Industry Club in London on monopolies. It is bound to irritate and embarrass the Government which must decide what to do about the report.

The report is the result of a referral by Mrs Sally Oppenheim, Minister of State for Consumer Affairs, last May. It followed similar referrals on British Rail's southern and south-eastern commuter services, and the Severn-Trent Water Board, but amounts to

the first important monopoly commission study of one of the large nationalized industries.

Ministers have the right to amend Monopolies Commission reports before publication, and where there is the possibility of share prices being influenced, it was right that the contents were kept secret before publication, Mr England said.

But he thought that in a referral of a nationalized industry, the organization subject to an efficiency audit should receive the report as soon as it was available. "For future investigations it is right and proper for the industry to see the report," he said.

Leaks of what the report says have already begun to appear, but the CEGB is unable to reply not having seen the report.

In making the referral, Mrs Oppenheim said it was important to establish that everything was being done to increase efficiency and keep electricity prices as low as possible.

The commissioners are known to have paid particular attention to the arrangement whereby the CEGB has agreed to take 75 million tonnes of coal a year



Mr Glyn England: Right and proper to have seen report.

from the National Coal Board providing the price of coal does not rise faster than the index of retail prices.

Banks make political move over windfall tax

By Ronald Pollen

Clearing banks are switching the thrust of their campaign against the 5400m windfall profits tax announced in the Budget to the political arena.

All Members of Parliament have been sent a booklet *The Case Against the Banking Levy* an uncompromising attack on the tax in advance of the second reading of the Finance Bill today.

While the banks recognize that there is little chance of the tax being withdrawn, especially after the way Sir Geoffrey Howe, the Chancellor, went out of his way to defend it last week, they are hopeful of forcing through some amendments during the committee stage of the bill.

The main support for the banks appears to lie in the opposition to the retrospective nature of the tax, which goes deeply against the grain of Conservative principles. So far, however, there appears to be little more than a dozen Con-

servative MPs who might be persuaded to vote against the whip.

Any backbench pressure

MANAGEMENT

A steep rise in fuel bills brought about by Sir Geoffrey Howe's Budget has made the road transport industry uncomfortably aware that the thousands of heavy goods vehicles on the roads of Britain spend a third of their time running empty.

In the jargon of the trade, the problem is one of "back loading". A lorry, having carried a consignment of goods from A to B, returns empty to A for the lack of a suitable load.

Although much of this waste is unavoidable, the Department of the Environment's Road Transport Research Laboratory has estimated that 10 per cent of the empty running is directly attributable to a paucity of information about the availability both of return loads and the vehicles to carry them.

The laboratory calculated that in 1978 this communications gap was costing £10m a year, a figure which is much larger at today's prices, especially since the Budget.

Although, undoubtedly pressing, the problem was, however, thought to be intractable until recently. Apart from anything else, the road haulage business is fragmented. About 125,000 different operators are involved and the average fleet size is only two or three vehicles.

Competition is intense. Hauliers are understandably fearful of the free-for-all that might follow from a widespread sharing of information.

Undaunted, British Road Services, the largest road transport operator in Britain, went ahead and introduced Datafreight. This is a computerized system designed to bring together loads and lorries wherever the twin can meet.

After experimenting with the system in its own organiza-

Haulage: bridging an expensive communications gap

tion for nine months BRS launched Datafreight publicly last summer, making it generally available as part of its membership services division. The project began with 30 sites throughout the country linked to a central computer in Birmingham. There will be 70 sites by the middle of this year.

A Datafreight operator uses a keyboard and a video display unit to enter and retrieve information about freight to be moved and vehicles available for back loads. A haulier with a lorry that has completed a trip from, say, Glasgow to London telephones his local Datafreight depot to see if there is a suitable load available for the return journey. If there is, he is told at once and a rate negotiated.

If there is no available load, the haulier can have the details of his vehicle and its capacity fed into the computer and made known to the whole network. It opens up the opportunity of picking up a load at any convenient point on any suitable route back to Scotland.

Transport operators pay a subscription of £75 a year to take part in the scheme, plus £50 for each vehicle they run. So far, according to Mr Mark Bedeman, director of BRS Membership Services, 30 firms are taking part, involving a total of more than 300 vehicles.

"We were swamped with inquiries with hardly any advertising," he says, "but we have been very strict and selective about enrolling hauliers. Eventually, we want the system to be very widely used, but it is essential that we set a high standard from the beginning."

Apart from the benefits afforded to traffic operators, who are able to make one call in search of a back load instead of perhaps a dozen spread over five hours or more, Datafreight is obviously of use to people with goods to move. Originators of loads—manufacturers, suppliers or distributors—can use the system free of charge to advertise the freight that they want transported.

BRS has also made Datafreight available under licence to own-account operators with large fleets of lorries and a number of depots who may also experience problems with back loading. Dunlop was the first to buy the software in this way and is now saving some £100,000 a year as a result.

The Road Haulage Association was interested in the project from the beginning and is now testing the system and its pilot scheme. Tests are also taking place in Rotterdam and Antwerp, and there have been demonstrations in Belgium, West Germany and the Irish Republic. Inquiries have come from Canada, Japan, Brazil and South Africa. Nato is

also interested in the strategic possibilities opened up by Datafreight.

The system is a success, Mr Bedeman says, because from the outset it was designed to meet the requirements of experts in road transport. "The big computer companies have been looking at the problem for years, but without success because they didn't understand our industry," he says. "Datafreight was designed to transport people for themselves and that's the difference."

BRS was careful to make the equipment easy to use and to avoid computer jargon. A measure of the success of the system is that wherever terminals have been installed video display units have become accepted tools of the trade—and that means in transport offices, traditionally rather rough and ready places where filing cabinets are regarded as something of a luxury.

The system has excited interest in an industry that is inclined to be suspicious of change and what has helped is the fact that the computer is programmed to preserve confidentiality.

The Datafreight operator acts as a broker between those with loads and those with lorries and, because the parties involved determine the amount and nature of the information put into the system and do not deal with each other directly, hauliers' fears of chaotic competition are allayed.

"I know juggernauts are bad news, but here is a juggernaut firm trying to minimize the problem and help energy conservation," Mr Bedeman says. "It's bad enough when huge lorries jam country lanes—but it's twice as bad when they're running empty."

Iain Murray

A long way from the bazaar...

Sir Anthony Burney should take a trip to Cardiff next time he goes shopping. He is the former chairman of Debenhams who severed all links with the company at the end of last year, roundly declaring that its stores looked like bazaars.

Debenhams believes that it has the answer to his complaints in a new flagship store in the St David's Shopping Centre, Cardiff, which was opened last Thursday and took £75,000 in the first day of trading.

Debenhams had invested £12m and six years of research and development at Cardiff to try to shed the bazaar image. It hopes that at last it may have the formula for reversing the slide in department stores' share of retail trade.

Students of retailing have become inured to the hope that sprang eternal at Debenhams. Throughout the 1970s the company was marked as a recovery situation, whether it was voraciously going for growth or, shortly afterwards, rigorously retrenching.

Few of these new beginnings have yet produced happy endings. But even the disgraced Sir Anthony might allow that the new Cardiff store looks excitingly different.

The inspiration is from America, where the continuing buoyancy of department store sales is attributed to the philosophy that the customer can be excited by putting less into the store and displaying what is shown more attractively.

Gone are the cumbersome three-tiered gondolas, racks, shelves, revolving stands and jumble sale counters pressing ever more tightly on to the cramped gangways. Promotional banners and signposts to the different departments are banished.

Instead, subtly contrasting colours and unobtrusive fittings identify the shop's different areas, with wide walkways, uncluttered views and clever lighting systems enticing the customer through the shop.

Each department has a colour scheme and decorative theme of its own, with fixtures, often in chrome, stainless steel, glass or Perspex, designed to show different kinds of goods at their best.

The interior decor and custom-built fixtures which Chais and Johnson, the American specialists, have created for the new shop are so different from what is in the general run of



Mr Peter Davies, director of Debenhams' new Cardiff store: making it "a day out for the family" again.

Debenhams' seventy present stores that Mr Peter Davies, the Cardiff store director, says that he is having to break the habits of a lifetime to work with them.

Luckily, it has so far been a short lifetime. Though he has been in retailing for 18 years since starting as a shop fitter's assistant, Mr Davies is still only 33. Given the pick of Debenhams' staff for his management team, he has gone relentlessly for youth. Mr Geoff Burgess, the general manager, is 30. The assistant managers, responsible for a floor apiece, are 31, 28 and 28.

The average age of the departmental managers, each responsible for at least £500,000 of business a year, is only 26.

The view is that people have to be young to adapt to the new ideas that the shop represents. Indeed, many of the 600 staff will have had no previous experience in retailing at all.

The advertisements which attracted more than 3,000 applicants for the jobs stressed

that none would be necessary. "We are going to put the excitement back into retailing," Mr Davies claims. "We are going to create a department store where you really might take the family for a day out."

Years ago the company's slogan used to be "Have a day out at Debenhams". Now the company wants to replace the service that has been lost over the years," Mr Davies says.

The American design and decor which make the Cardiff Debenhams so different have also confronted Mr Davies and his recruits with some unfamiliar problems. In a conventional store the goods for the first floor furniture department would not normally come into the shop over a delicately tinted carpet. Nor would there be carpets of different colours marking distinct areas, so preventing staff from moving goods from one place to another in response to the varying pressures of trade.

The fundamental difference is that the Cardiff store has to have far fewer goods than its

size suggests. "The density of fixtures is only two thirds the normal," Mr Davies says, "but then the density of merchandise in the fixtures is only two thirds the normal as well."

"We have little more than half the goods in the shop at one time that would be in a normal store of the same size. I can show the width of choice, but I cannot stock in depth."

As a result, there has to be a team of full-time self-fillers on call throughout the day and a squad of part-timers work every evening replenishing the stock and reorganizing the displays. "It is very much like a supermarket's way of doing things," Mr Davies says, "but our salespeople will be able to concentrate on selling."

His staffing arrangements depart from the norm in other ways. A large proportion of the staff are engaged as part-timers to work daily four-hour shifts. "We often found that the sort of smart, intelligent people we wanted were women who wanted a job for a few hours which would get them out of the home while the children were at school. They will look on the job as a pleasure rather than a career. Some of them have even had experience in the profession in their previous jobs."

Mr Davies adds that he believes that he gets good value for money from part-timers. A four-hour worker, he says, is 90 per cent efficient. Someone kept on the job eight hours only scores 40 per cent.

Of the part-timers, half work from ten until two and the others from noon until four pm. "That way we have 70 per cent of the staff on duty in the peak shopping hours, one or two on duty for lunch," Mr Davies says. "In a normal store they tend to have full staffing at nine, when there is no one about, and then at noon, when there are ten sales as many people to serve as a third of the staff troop off for lunch."

Walking round the store, Mr Davies says: "I can still hardly believe it. Some of our colour schemes would have been unthinkable before. And all this space—I keep thinking, 'Come on, we can get a bit more stuff out on show here!' Then I have to stop and say to myself 'No, that's not the idea'. I have to back all the ideas." This, Sir Anthony Burney might agree, is a long way from a bazaar.

Robin Young

County town and home of giants

A fact not generally known outside Wiltshire is that the county town is Trowbridge. This may seem surprising in a county which has populous Swindon and the cathedral city of Salisbury but it was because for the county councilors of Victorian times Trowbridge was the only town to which they could travel by rail from any part of the county and be home again the same day.

Trowbridge was then just one of a group of western towns, still dependent mainly on the cloth trade, which had flourished there since the Middle Ages.

That trade has vanished, but the town, now with a population of 25,000, is still prosperous and growing steadily. About 40 per cent of the employed citizens work in manufacture (compared with about 30 per cent for the entire country) and the trend is increasing.

Local industry rests mainly on small firms, but Trowbridge has several giants as well. Among them are Ushers, the brewers, established in Trowbridge in 1824 and now part of the Watney Mann and Crumpton empire.

Thoroughly modernized over the past ten years, the Trowbridge brewery now serves an

Industry in the regions

Trowbridge, Wiltshire

area covering the whole of south-western England and South Wales and has recently set up new depots at Taunton, Truro, Cwmbran and Pembroke Dock.

For many years Unigate Foods had its headquarters at Trowbridge, organizing the distribution of many millions of gallons of milk daily from 10,000 suppliers to dairies throughout the country. As it was obliged to take all the milk produced by the dairy farmers with whom it had contracts there was often a big seasonal surplus over demand—sometimes as much as 15 million gallons a day—and this had to be turned into cheese, butter or skimmed milk at the company's St Ivel creameries.

In October, 1979, when the Milk Marketing Board bought sixteen of Unigate's dairies, the seventeen remaining creameries became the property of a new company, St

Ivel, autonomous but an integral part of a re-formed Unigate.

Released from the necessity of dealing with all the milk available, St Ivel is now able to concentrate on producing what its customers want. Unigate, the parent company, has allocated £6m for new investment by St Ivel and the computer at the group's headquarters at Bellefield House, Trowbridge, is still at St Ivel's disposal.

At present St Ivel has about 600 employees at Trowbridge, but the work force should increase as projected plans develop.

Bovyers, another giant, which for more than 180 years has been processing meats, notably making pies and sausages from Wiltshire pigs, is now another autonomous member of Unigate.

Founded as a bacon factory by a local miller, Abraham Bovyer, in 1808, it steadily expanded its business until by 1972 it had an annual turnover of £30m. It was then acquired by Unigate, since when its turnover had increased to £100m (in 1979). From Trowbridge it controls factories at Manton and Sherburn in Yorkshire, Plymouth, Liverpool, Amersham and Witney.

At Trowbridge it employs more than 1,500 people.

Another company of national and international standing to have a factory at Trowbridge is, in this instance, the village of Staverton, three miles to the north. Nestlé, established there 83 years ago, it specialized until the 1950s in producing condensed milk and sterilized cream. Now it has switched to yoghurt, tomato sauce, creamed tomato soup and a variety of pasta and dessert products. A new plant is being built for converting tins into cans, for use there and in other Nestlé factories.

The Nestlé labour force totals about 560.

Trowbridge's unemployment figures have been well below the national average and the town is trying to ensure that the pace of industrial activity is maintained. The West Wiltshire District Council, in whose province it is situated, is looking for more land for industrial development and has adopted a favourable attitude towards planning applications.

Besides manufacturing industry, Trowbridge naturally attracts business through being the administrative centre of Wiltshire, and about 200 people work in local government.

Ralph Whitlock

French lessons to ponder

"Industry was told bluntly that it must become competitive if it were to survive—it should not expect the State to bear the cost of essential adjustment. In this new industrial strategy there was no place for lame ducks and companies are responsible for their own expansion. According to this new approach, industrial choices were the prerogative of the firm; the new industrial strategy would therefore be based on entrepreneurial initiative."

Does this sound familiar? The philosophy certainly falls very much in line with the thoughts of Sir Keith Joseph, the Government's high priest of monetarism and of the operation of market forces as a tool of industrial policy.

But the words are not his. They are taken from a study commissioned by Sir Keith's own Department of Industry on the policies which the French Government has developed to promote industrial adjustment.

With the passage of time, however, the French approach has been modified. Dr Diana Green, a lecturer at the City of London Polytechnic and author of the study, goes on record that the words are not his. They are taken from a study commissioned by Sir Keith's own Department of Industry on the policies which the French Government has developed to promote industrial adjustment.

Indeed, after opting for a selective approach to intervention it has taken a more "offensive" attitude to the problems posed by industrial adjustment.

This continued intervention appears to have been prompted by three main motives. In the declining and labour-intensive industries, such as steel, shipbuilding and textiles, there has been concern about the problems of unemployment. There has also been a desire to defend domestic industry against "savage" competition from the rapidly industrializing nations and from industrialized competitors.

But the most significant factor, according to Dr Green, has been the French Government's wish to catch up in the "new technologies" race and eventually to overtake West German, Japanese and American competitors.

It all boils down to an unashamedly pragmatic approach, a matter of picking likely winners, defending core industries and taking a hand in restructuring operations about the problems of unemployment.

While distancing itself from the opinions and arguments advanced in the study, the Department of Industry's senior civil servants, and Sir Keith in particular, will so doubt find much in it to ponder—and possibly act upon.

Peter Hill

* Managing Industrial Change? French Policies to Promote Industrial Adjustment, by Dr Diana Green; HMSO, £5.95.

LETTERS TO THE EDITOR

Channelling investment into small companies

From Mr Michael Grylls, MP for Surrey North West (Conservative)

Sir, The article by Oliver Stanley, "Have Small Businesses Been Let Down?" (April 6) is, I believe, less than fair in its assessment of the Business Start-up Scheme. The full details of this have now been published in the Finance Bill.

Despite Mr Stanley's efforts to pour cold water on the proposal, it remains a unique incentive to channel investment into new smaller companies. For this the Chancellor is to be congratulated. None of our main trading competitors have a similar scheme enabling individuals to invest up to £10,000 annually in new small trading companies and to obtain income tax relief at their marginal rate of income tax, including the investment income surcharge.

We were always aware that the scheme was designed for outside or minority investors, not the proprietor or his associates; that the capital must remain in the company for at least five years; and that relief would only be obtained if the investment was made during the first three years of operation of the company.

From the Director-General, the Freight Transport Association

Sir, The Government is probably right to believe that elimination of the 20p per gallon increase in the price of fuel proposed in the Budget would have to be compensated by corresponding increases in taxation elsewhere. It is certainly wrong if it believes that the whole issue is therefore as broad as it is long—a storm in a teacup.

The fact is that the increase in fuel tax is a direct impost upon industry, adding 3.4 per cent to transport costs, setting back industrial recovery at home and inhibiting British industry in competition with Europe. That is a sharp contrast to the general strategy of the Budget. It also makes a strange bedfellow of the Government's continued protes-

tations that it is aiming to help industry. Moreover, in the case of duty, our prices are now far and away the highest in Europe, half as much again as France and Germany and twice as much as Italy. I would have thought we have more than enough problems in Europe without gratuitously adding to them.

All this on top of the well-publicized implications for employment and the rural areas. Surely, there is an overwhelming case for the Government to have second thoughts about this part of the Finance Bill.

H. R. FEATHERSTONE, Director-General, Freight Transport Association, Hermes House, St John's Road, Tunbridge Wells, Kent TN9 9UZ.

From Mr R. K. D. Shah

Sir, It is regrettable that the Government is once again seeking to introduce the highly controversial proposal for the abolition of the Business Names Registry notwithstanding that it has already suffered one defeat in the House of Lords on this issue.

One inevitable result which will follow if the proposal is implemented will be an increase in legal costs in cases involving consumer, accident, personal and industrial injuries and employment claims where the precise person or body of persons to sue has to be identified by

However, I do agree with Mr Stanley that the definition of the type of company has been too tightly drawn. We must try to enlarge it to include all manufacturers, wholesalers and retailers. While service firms, advertising agencies, businesses in the critical early years, I hope, also, that it will include businesses which provide much needed personal business experience which could be of vital importance to the new entrepreneur, as the evidence that a major contributory factor to the failure of some companies is the lack of general management experience.

Mr Stanley says "...helping small businesses has become a way of pretending to reduce taxes without actually doing so..." With respect, this is unfair. Any outside investor who backs a new company in the tune of £10,000, and is a rate taxpayer, will not find a "pretence" in the reduction of his tax bill of £5,000. It is a real tax incentive and one which I hope will appeal to growing number of higher income earners.

Yours faithfully, MICHAEL GRYLIS, Chairman, Small Business Bureau, House of Commons, London SW1A 0AA

I hope we shall move on amendment in Committee to remove the word "goods" in Clause 54(2)(a). That would make this excellent scheme more effective.

Also, there seems to be no valid reason why employees of the company should not benefit from relief. At the same time the maximum stake for outside investment of 5 per

cent is too low. It should be increased to at least 40 per cent.

The basic concept of the scheme is to help to overcome the problems of attracting sufficient risk capital to new businesses in the critical early years. I hope, also, that it will include businesses which provide much needed personal business experience which could be of vital importance to the new entrepreneur, as the evidence that a major contributory factor to the failure of some companies is the lack of general management experience.

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It seems to me that it would at the same time be more honest and more enlightened if this item were described as the official account as a "deficit" on the year's account Budgeting for a deficit would have been regarded as a here in the former days, but now is concealed under the peculiar jargon. It is in fact of course a budget deficit.

The position might also be helped if the state account endeavoured to draw some distinction between revenue and capital expenditure, recall shortly after the conclusion of the Second World War the late Sir Harold Howie carried out some inquiry into government accounting methods and seemed only to have come out with some suggestion that the government accounts should be based upon double entry, did endeavour to make clear that Sir Harold that the really important point was to distinguish between capital and revenue expenditure, and the so far as I knew, an old crumb, the state accounts were compiled on a double entry basis, but of course double entry does not mean very much in terms of distinguishing between capital and revenue.

Yours faithfully, H. O. H. COULSON, 4 The Little Boltons, London SW10 9LP.

means of inquiries and searches. In turn such increase will be reflected in the Budget of the Legal Aid Fund. There may be other adverse consequences too. Surely far from doing away with the mandatory requirement that all business names be centrally registered what is required is a strengthening of the existing provisions so that those who now ignore them are caught and punished?

Yours faithfully, R. K. D. SHAH, Wayne & Company, 5 Laines Corner, London Road, Mitcham, Surrey CR4 2JA.

Eagle Star

Financial Report 1980

Profit maintained despite a very difficult year.

RESULT AND DIVIDEND

Profit before tax £65.9m compared with £64.3m. Total dividend declared—10.5p per share, an increase of 16.7%.

INVESTMENTS

Income up by a very satisfactory 24% to £73.8m.
Invested funds up by over £300m.
Acquisition of Bernard Sunley results in £150m increase in property portfolio.
Ratio of capital and free reserves including appreciation on investments up to 85% of general premium income.

GROVEWOOD SECURITIES

Another record year with profits increasing to £14.4m despite trade recession.

GENERAL INSURANCE

1980 has been a most difficult year, both in the UK and overseas, accounted for by intense competition and inflation. Worldwide underwriting losses deteriorated to £32.5m from £18.8m. Premium income increased by 11%. In UK the employers' liability accounts particularly were hit by a sharp increase in levels of personal injury claims costs. Overseas, there were reduced losses in most territories except Australia, which continues to deteriorate. A welcome improvement in Belgium.

LIFE ASSURANCE

Worldwide new business was satisfactory. Record bonuses declared for Policyholders and increased profit for Shareholders.

Chairman, Sir Denis Mountain, comments on future outlook

"The insurance industry cannot be insulated from the economic environment in which it operates and for Eagle Star as a predominantly UK insurer the effect of the recession and increasing claims costs make the tasks of our underwriters, faced with unprecedented competition for premium income, ever more difficult. Whilst we expect a continuing positive cash flow, with the likelihood of interest rates coming down the rate of growth in investment income is not likely to be as great. We are confident that the strength of our funds will stand us in good stead for the current year."

For the Annual Report, please contact:
The Secretary, Eagle Star Holdings Ltd.,
1, Threadneedle Street, London EC2R 8BE
Telephone: 01-588 1212



Eagle Star
for your protection.

Aftermath of the Hedderwick affair

A push in the right direction for British shipping?

Michael Bailly

Tourism: why there is anxiety in the West Country



fall this summer and the more distant destinations will be worst hit. However, the prospects for

Business Diary profile: Michael Sandberg and the Hongkong and Shanghai

of the Royal Bank of Scotland and tantalized thousands more with the prospect of putting a Chinese cracker under the complacent British high street banks.

Ronald Pullen
(in London)

Richard Hughes
(in Hongkong)

MA

GRIMA
80 Jermyn Street London SW1

Ronald Pullen
(in London)
Richard Hughes
(in Hongkong)

Equity & Law Life Assurance Society Limited

Extracts from the statement by the Chairman, Mr P D J H Cox, circulated with the Report and Accounts for 1980:

*February 1981 marked the tenth anniversary of our office in the Netherlands. Starting from scratch, we have built up premium income in 1980 of Dfl 52m (£16m) and total assets of Dfl 340m (£107m). In 1980 new sums assured exceeded Dfl 1,000m (about £200m) and the business in force was over Dfl 4,000m. Our German operations made significant strides forward in 1980.

*In the United Kingdom our new business figures were most encouraging. New annual premiums for individual business were £10.3m, 31% higher than in 1979 and under group policies £8.3m, 61% higher.

*Our worldwide business provided new annual premiums of £32.1m, 52% higher than in 1979, and sums assured of £1,129m, 25% higher than in 1979. The total annual premium income in 1980 was over £100m, £10m higher than in 1979.

*Our investments, excluding those held for unit-linked policies and overseas business, appreciated by £116m — 14%. Our holdings of United States equities appreciated (in dollars) by 42%. We have started a stake in Japanese equities. The total investment income increased from £7.3m in 1979 to £8.1m in 1980.

*The effect of changes in the valuation bases has been to increase the liabilities by £35m. The investment reserve has been increased by £25m to £106m.

*Higher rates were declared at the end of last year for reversionary bonuses on all classes of

*In recommending a final dividend of 9p, making a total dividend for 1980 of 13p, an increase of 18% over the total for 1979 of 11p, the Directors have had regard, as last year, to the under-distribution of earnings in earlier years because of Government restrictions on dividend payments.

Highlights of the Year

	1980	1979
	£ million	£ million
New Sums Assured	1,129	901
Sums Assured in Force	5,410	5,027
New Annual Premiums	22.1	16.8
Total Premium Income	123.0	123.1
Payments to Policyholders	69.3	61.3
Group Net Assets	1,142	918
Investment Reserve	106	83
Dividend for the Year (per share)	13p	11p

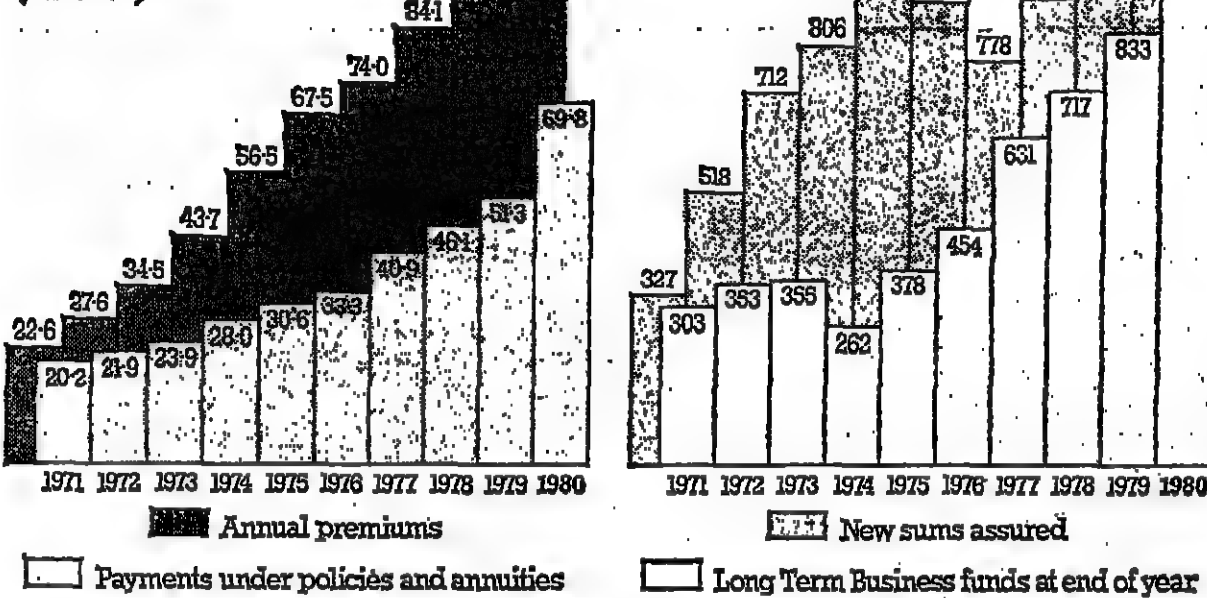
Individual business and for annual bonuses on all classes of group business. In addition, the Society is now paying higher terminal and vesting bonuses on current claims under individual with-profit policies and higher retirement bonuses under almost all group pension schemes.

Copies of the Report and Accounts can be obtained from the Secretary, 20 Lincoln's Inn Fields, London WC2A 3ES



Equity & Law

Ten year record (£million)



ABRIDGED PARTICULARS

ELECTRA RISK CAPITAL PLC.

Offer for subscription by the public

by
L. Messel & Co.

on behalf of the Company
of up to £20,000,000 Floating Rate
Unsecured Loan Stock 1981/1985 at par

The Company is a wholly-owned subsidiary of Electra Investment Trust Limited and has been established to enable individuals to invest directly in unlisted trading companies under arrangements designed to ensure that:

- professional and experienced management will be employed to select, investigate, negotiate and monitor suitable investments;
- a substantial fund will be available so as to give investors the benefit of a wide spread of risk in potential growth investments and to attract companies seeking equity finance;
- any loss on such investments will qualify for relief from income tax in accordance with Section 37, Finance Act 1980 whereas gains will be subject only to capital gains tax.

The investments will be made by the Company by redeeming Stock and investing the redemption proceeds

on behalf of each individual Stockholder as suitable investments become available.

The minimum subscription is £10,000 nominal of the Stock. The subscription price for one half of the Stock allotted will be payable in full on application and the balance of such Stock will be allotted nil-paid, payment therefor to be made in full by 3.00 p.m. on 30th April, 1982. The Subscription List will open at 10.00 a.m. on Friday, 24th April, 1981 and will close at any time thereafter on the same day.

The Company does not intend to apply for the Stock to be listed on any stock exchange or dealt in on the Unlisted Securities Market.

Full information regarding the Company, the Stock and arrangements in respect of the proposed investments is contained in the Prospectus, copies of which, with Forms of Application for the Stock, may be obtained from:-

National Westminster Bank Limited,
New Issues Department,
P.O. Box No. 79,
Drapers Gardens,
12 Throgmorton Avenue,
London EC2P 2BD.

L. Messel & Co.,
Winchester House,
100 Old Broad Street,
London EC2P 2HX.
01-606 4411

Electra Investment Trust Limited,
Electra House,
Temple Place,
Victoria Embankment,
London WC2R 3HP.
01-836 7766

and at the following branches of National Westminster Bank Limited:

208 Piccadilly, London W1A 2DG.
Colmore Centre, 103 Colmore Row, Birmingham B3 3NS.
32 Corn Street, Bristol BS9 9UG.
55 King Street, Manchester M60 2DB.
8 Park Row, Leeds LS1 1QS.
262 Union Street, Aberdeen AB1 1TP.
80 George Street, Edinburgh EH2 3DZ.
14 Blythswood Square, Glasgow G2 4AQ.

or by completing the form and forwarding it to:
L. Messel & Co. or Electra Investment Trust
Limited at their above addresses.

Please send a copy of the Electra Risk Capital P.L.C. Prospectus to

Name

Address

.....

.....

.....

FINANCIAL NEWS

Inchcape move into South America in £12m takeover

Inchcape, the international trading group, has moved into South America, with a £12m takeover of five businesses operating in four countries. It acquired for £11.8m from Lloyds Bank, International (LBI) a group of South American trading companies. These are distributors of agricultural and industrial machinery, motor vehicles, hardware and general merchandise with some operating as shipping and insurance agents, in Colombia, Ecuador, Peru and Chile. The takeover, which will be satisfied through the allotment of 2.78 million shares to LBI, to be placed by Baring Brothers, will take effect from July 1, 1981.

The group of companies was originally part of Balfour Williamson, a merchant bank which was acquired by the Bank of London and South America in 1975. Balfour Williamson was sold but LBI retained the South American trading companies. LBI's decision to sell the companies reflects the bank's strategy of further development of its banking and related financial services activities. The companies' book value of net assets amounts to £5.8m at June 30, 1980, and attributable net profits were £2.6m pre-tax and £1.8m after tax. The companies fall into five groups consisting of the Colombian Tracey group, which is a wholesaler and retailer of industrial hardware and machinery, the Quito Motors Group, a Ford franchise dealer in Quito, the Commercial Anglo-Ecuadorian group, specialising in insurance and shipping agency operations, the Milne group in Peru, which distributes commercial vehicles and trailers and acts as shipping agents, and a fire fighting equipment group in Chile. The acquisition, which is to be made through a wholly owned Inchcape subsidiary, will allow the group to develop inter regional and intra American trading and work across the Pacific with Inchcape's Far Eastern outlets.

Profits double as Lyle Shipping tops expectations

Lyle Shipping's profits last year doubled and were ahead of expectations as the ship-owning side showed a substantial improvement. Pre-tax profits were £6.6m against £3.4m for the 12 months to December 31 and group turnover increased by a third from £13.7m to £21.5m, although figures from Scottish Ship management were included from its acquisition last May. Its profits were £900,000 compared with a forecast of £800,000 made at the time of the takeover.

In shipowning, which produced profits of £5.2m against £2.7m in 1979, Lyle Motorship took advantage of firmer rates and the group said that the ships had demonstrated their full earning capabilities. Lyle Offshore recouped some of the first-half losses although over the year profits went from £156,000 to £230,000. Losses from the sale of ships rose from £816,000 to £2.1m. The final dividend has been increased from 6p gross to 7.85p making a total of 13.57p against 10.7p.

Dalgaty may sell Murphy to Dow Chemical

Dalgaty, the international merchant which took over Spillers, the Homebridge flour and petfood concern, is negotiating to sell its Murphy Chemicals business to the United States giant, Dow Chemical. Murphy, which has a 510m annual turnover, sells "Tumbleweed" and other weedkillers and a range of products to farmers and horticulturists. It is understood to be making little money. Dalgaty is negotiating for spot cash from Dow.

US regulatory dispute boils over

New York.—Since 1975 when the United States Congress created the Commodity Futures Trading Commission to regulate the rapidly expanding commodity markets, there has been a simmering rivalry between it and the other, much longer established Washington watchdog, the Securities and Exchange Commission.

The latter has responsibility in the main for stock markets and at first sight the distinction in authority between the two appears clear cut. But problems have arisen with the development of new kinds of investment media in particular commodity options, which give the right to buy or sell a financial instrument or futures contract at today's price some time in the future.

Are these an investment in the underlying commodity and therefore in the province of the CFTC? Or does the paper the option is written on have a separate existence, in which case it can be classed as a security, be traded on stock exchanges and come within the SEC's bailiwick?

It is not just semantics—there is big money involved. If options and commodities were still the trading backwater they were until 1970 no one much would bother with the charge. But in the last 10 years the underlying value of com-

modities bought and sold has come to dwarf the stock markets. The annual volume of contracts traded in the American futures industry has grown from 12.4m to 82.7m and the range of investment products has been developed with considerable imagination. The need for a clear head at the top is manifest. But in keeping with its philosophical belief, to say nothing of its electoral promises of less regulation, the Reagan administration has appointed as heads of the commissions two men whom have spent their lives in the markets and who appear to lean far more towards expansion than towards regulation. Not only do they appear to favour relatively unfettered expansion of their respective markets, but the mutual respect that kept them at each other's turf for the last five years seems to have waned. Survival of the fittest is the new creed.

The immediate result is a public row. More than two years ago the Chicago Board of Trade and the more pugnacious commodity exchanges, applied for permission to trade options in what are known as Giny Maes — government-backed mortgage certificates — a kind of fixed-income security. The CFTC under its Carter-appointed chairman, Mr James Stone, believed it had an obligation to assess the economic validity of a contract before authorising it. Mr Stone did not see his role as simply rubber stamping new forms of gambling — so he sat on the application.

But the Chicago Options Exchange, which is ironically, an offshoot of the board of trade and in the same building, though it is now totally independent, lifted the Giny Maes idea, designed its own contract and applied to the SEC. Its permission came through last month, and it hoped to launch the contract in the autumn. Not unnaturally the Board of Trade is livid. "These guys upstairs went off to a different agency and got permission to trade a contract that we created", Mr Robert Wilmoth, the board's president, fumed. "We can't get on so we don't see why they should be able to get it."

Mr Wilmoth says he is not going to let matters rest. He vows that he will sue the SEC and the Options Exchange to block the new contract. Mr Wilmoth, chairman of the Options Exchange, is under no illusions about the causes of the fight. "This whole dispute over jurisdiction grows out of the fact that various exchanges want to get into each other's business", he says. But he is sticking to his guns none the less. "We were set up to trade options. An option is clearly security and the SEC has every right to determine where securities can be traded."

What makes this a serious matter is that options and futures trading has spread well beyond the traditional world of grains and cocoa and extended through financial futures into the very fabric of commerce life. The Hunt silver fiasco last year was a warning of how problems in commodities can affect the financial establishment.

But commodity exchanges are increasingly determined to expand by "proliferation of products" as if they were conventional businesses, so the need for regulation, or at least supervision, is in the eyes of many financial analysts greater than ever.

Anthony Hillier

Briefly

W. Canning: In his annual statement, Mr B. Tromans, chairman, says prospects for UK manufacturing in 1981 is still gloomy, with no sign of a significant upturn in demand from depressed levels experienced in last quarter of 1980. Order books on the process plant side are however, adequate.

Thuragar Baxley: Mr G. A. Hunt, chairman, says in his annual review that 1981 started off in a similar pattern to last quarter of 1980, but there has been a significant improvement in sales in last six weeks. Margins continue to be squeezed, and operating and material costs are rising all the time.

House of Fraser: Announce the sale of the lease of Dingles furnishing store in Bournemouth to Wimpey Property Holdings for a price in excess of the recent valuation placed on this particular lease of £445,000. Completion will take place by January 31, 1982.

News: Forecasting turmoil out of the last day session of talks by the International Tin Council in Friday in Paris against the rejection by consumers of their request to raise the underpinning world price of tin. The producers had asked for a 20 per cent increase in the levels of the ITC buffer stock range to take into account a 15 per cent fall in world tin prices this year compared with 1980.

Business appointments Toronto Dominion director

Mr Alistair G. Frame has been elected to the board of directors of Toronto Dominion Bank. Mr James Cook, Mr James R. Glancy, Mr Patrick P. Harkin, Mr Johannes H. J. McQuinn, Mr E. Graham Meek, Mr Robert J. O'Brien, Mr Peter A. Rice and Mr Ian H. Stephenson have joined the partnership of Messrs Wood, Macdonald & Co.

Mr Michael Hodgson has become a director of Eggar, Forrester (Holdings). Mr D. C. Ansley, Mrs L. A. Beller, Mr C. P. Dodson, Mr M. B. Hutchings, Mr A. S. Lamplough, Mr G. F. Pimlott and Mr L. D. Smith are to become partners in Lovell, White & King on May 1.

Mr Andrew H. Longhurst has been made chief executive designate of Cheltenham and Gloucester Building Society to succeed Mr Ralph Stow.

Mr David Warburton has gone on to the board of Fisons Scientific Equipment division as finance director with effect from mid-May.

Mr James Lee has become chairman of Goldcrest Films International. He is deputy chairman and chief executive of Pearson Longman.

THE LAIRD GROUP LIMITED

Results 1980

	Year to 28 December 1980 £'000	Year to 30 December 1979 £'000
Turnover	194,037	207,046
Profit before Tax	13,570	10,734
Tax	(3,750)	(3,046)
Profit after Tax	9,820	7,688
Extraordinary items		
Closure of Patent Shaft	18,000	—
Other items	3,699	729
	(21,699)	(729)
	(11,879)	6,959
Release of provision made in 1979 for closure of Patent Shaft	18,000	—
	6,121	6,959
Dividends	(2,102)	(1,645)
Transferred to Reserves	4,019	5,314
Earnings per Ordinary Stock Unit	18.4p	15.2p
Net Dividend per Ordinary Stock Unit	3.7p	3.4p
Dividend Cover	5.0	4.5
Net Assets per Ordinary Stock Unit	101.1p	98.7p

Notes

- As forecast, a final dividend of 18.5p is recommended. This makes a total for the year of 37p (1979 3.4p).
- The tax charge includes overseas tax of £1.85 million (1979 £2.38 million).
- The extraordinary item of £18 million has been charged to meet the anticipated costs arising from the closure of the Patent Shaft Steel Works, which took place early in 1980. A provision of £18 million was made in the 1979 accounts as a post balance sheet event.
- The other extraordinary items comprise £1.38 million of closure costs offset by a net book profit of £1.68 million on the Scottish Aviation nationalisation settlement.
- Profits of £448,000 before tax from New York T-ist Drill Corporation, acquired in October 1980, have been consolidated.
- The current cost profit after tax and before extraordinary items is £7.04 million and the current cost earnings per Ordinary Stock Unit are 13.2p.

FINANCIAL NEWS

Search is on for more evidence of recovery

The message from the stock market rang loud and clear last week. The worst of the recession is over and a recovery is under way.

As a result the FT Index led the week on a buoyant day as it surged towards the same high of 558.6 achieved May 4, 1979.

For further evidence of the recovery the market will be looking to companies that have to bear the brunt of the recession. So this week is particularly interesting with tradestatement from a whole range of leading industrialists and interest cover a wide range.

Prominent on the list are the Siddeley and mining group Rio Tinto Zinc, which with full-year figures, and the Holdings and Smiths group, with interim results.

In the economic front the market is under way with the February followed on Tuesday by the indices of earnings for February and the Department of Employment and Cyclical Indicators for March.

Employment publishes the price index for March.

The Bank of England issues the London dollar and sterling certificates of deposit money supply figures for March.

Smiths' interim statement, out today, is expected to show a small improvement over the corresponding period, with estimates ranging from £3m to £34.5m compared with £13.3m.

The group's product mix is

This week

unlikely to show any great change, but several of its recently launched products should now be starting to make their presence felt and a small increase is expected. In addition, a slightly lower level of sterling will present a more favourable appearance to currency transactions from exports and overseas contributions.

While the group will have continued to experience de-stocking of its UK pharmaceutical products by chemists, the general feeling is that the worst is over. Analysts are looking for around £40m in the second half, making about £70m, compared with £66m last time.

The interim dividend should be at least maintained with some experts looking for a 10 per cent increase on last year's payment of 5p gross.

Kin Tinto Zinc where figures are due on Tuesday, is beginning to feel the effects of the collapse in industrial demand for metals and steadily rising capital costs. With gold from Bougainville as the only significant counter-cyclical element in the mining side, RTZ will be hard pressed to top last year's £150m in attributable profit by very much.

Earnings a share are projected to be around 62p net, compared with 59.4p in 1979, depending on how the financial position is strong, so



Sir Austin Bide (left), chairman of Glaxo, and Sir Roy Sisson, chairman of Smiths Industries.



the dividend is influenced more by the commitment to maintain steady dividend growth—and perhaps in these turbulent times to ward off unwelcome bidders—than by the capacity to pay.

A 15 per cent increase on 1979 would give a total of 17.25p net, say 18p, while a defensive payout could rise to 24p.

Smiths Industries has interim figures due out tomorrow and is expected to have made further progress, mainly on the back of its lucrative aerospace interests. Analysts are looking for around £11m compared with £9.3m last time with the interim dividend maintained at 5.3p gross.

Once again the main strength of the group has come from its aerospace operations where it is involved with the European multi-role combat aircraft, the Tornado.

In addition, its overseas

interests continue to perform well with both the US and South African operations performing strongly. Indeed, this will have gone some way towards offsetting the group's UK manufacturing operations, particularly in the automotive trade, where the recession continues to make an impact.

Looking at the second half, the aerospace interests should maintain progress while elsewhere in the UK recent rationalization measures should start to filter through.

Hawker Siddeley unveils its full-year figures on Wednesday. These should continue to reflect the strong performance witnessed at the interim stage.

TODAY—Interims: Arbutnot Government Securities Trust, Burton Group (amended), British Empire Securities and General Trust, and Glaxo. Finals: Beradin Rubber Estates, Edinburgh Investment Trust, Erith and Co, London and Commere-

tal Advertising, Mersey Docks and Harbour, Rugby Portland Cement, and Yorkgreen Investments.

TOMORROW—Interims: Bankers' Investment Trust, Cedar Investment Trust, Equity Income Trust, Ingall Industries, Lead Investors, Martonair International, News International and Smiths Industries. Finals: Associated Biscuit, Aberthaw & Bristol Channel Portland Cement, Bannister Stores, Bank of Ireland, Bank of Scotland, Benford Concrete Machinery, CD Bramall, Clyde Petroleum, Horace Cory, Expanded Metal, Hallan, Sleight and Cheston, Hallam Group of Nottingham, Hambro Life Assurance, Helene of London, Homecham, I. and I. Hyman, Luauva (Ceylon) Tea & Rubber Estates, Northern Engineering, Provident Life Association of London, Renown Inc, Rio Tinto Zinc, and Savoy Hotels.

WEDNESDAY—Interims: Adwest Group, Audio Fidelity, Kalamazoo, Linseed, and Wadsworth. Finals: Air Call Ltd, Anglo American Investment Trust, Astbury and Madeley, Berwick Timpco, Bristol Stadium, Burmah Oil, Cosalt, J. J. Dewhurst Holdings, Finkay Packaging, Hawker Siddeley, G. F. Lovell, Albert Martin, Pearl Assurance, Securities Trust of Scotland, Sun Life Assurance, and United Carriers.

THURSDAY—Interims: M. P. Kent, Finales General Scottish Trust, Hewden Stuart Plant, London and Holyrood Trust, London and Provincial Trust, Mital Corp, Rowan and Boden, Scottish Mortgage, Sheffield Brick and Pottery, Law Stationery Society (amended). FRIDAY—Public Holiday.

Why the long arm of the state is looming on the horizon

Commodities

Expansion of the state, and with it of regulation, has been a prominent characteristic of twentieth century life. Indeed, in Britain it has prompted the suggestion that for the first time in the country's history, the state and the people merged. Nevertheless some areas of life have been relatively untouched by the long arm of the state. The City is one such.

But that is changing. The recent Banking Act introduced a degree of statutory control previously thought unnecessary and undesirable. The Stock Exchange is locked in battle with the Office of Fair Trading over its alleged restrictive practices. Lloyd's is coming more and more under scrutiny. Of the great markets, only commodities stays largely unfettered, without investigation looming on the horizon.

So far, the argument goes, it has simply not been necessary. The markets have run their own affairs very well. Physical markets are dominated by trade members who have a real interest in orderly business.

Somewhere at the back of the mind, however, stands the unmeasured—and perhaps unmeasurable—authority of the Bank of England. Its influence in the markets has no statutory basis, and effectively grew in the post-war period from the Bank's administration of exchange controls. The Bank's

power in the commodity markets today does not even extend to a proper supervisory role. It is more a watchdog, monitoring market movements with the assistance of the markets themselves.

"Speculation" is the magic word. When market traders and clients were well known to each other, and when turnover was far smaller, the dangers from speculative outbursts were less. For these purposes it little matters how one defines speculation: it is a word the market uses freely enough, often approvingly. What matters is that the volume of funds available today, the speed of electronic communications, and the variety of markets mean that surges in price volatility are endemic.

London is changing in two vital respects. It is about to acquire a brace of markets which are highly prone to volatile fluctuations—gold futures and financial futures. In the United States these are the markets favoured by speculators and hot money, so much so that in Chicago up to 70 per cent of turnover could be non-trade interest. Partly because of the SEC, some of this money will find its way to London.

A second feature is the arrival in London of the big American commission houses. So far, their direct trading in-

volvement as floor members has been limited, a slightly sore point in certain quarters, but they can operate through other traders. The volume they could inject into the market is considerable, and must be seen in the context of gold futures and financial futures.

Looking further ahead, the commission houses are not the only new forces in the markets. The number of commodity firms in London is multiplying, although they may be connected with existing traders or brokers—as happened for instance with the International Petroleum Exchange. And one cannot ignore the possibility that the type of firm allowed to operate in the market will also change. Stockbrokers in the United States have moved into commodities: will their British counterparts do the same? Are hybrids of commodity firms and financial institutions on the increase?

Writing self-regulation's obituary is certainly premature. Yet it would be complacent to believe that the tide which has carried the state and regulation into so many parts that other forces have not reached will be stemmed at the gates of the commodity markets. All it may require is a change of government and of political climate. The 1974 Labour administration was concerned about the commodity markets. A conjuncture of market and political changes could spell the end of self-regulation faster than we think.

Michael Prest
Commodities Correspondent

ears that Budget rejection is wrong

Illips & Drew in its latest publication states that the Budget projection PSBR in 1981-82 is more than the previous year, but it appears unduly optimistic.

S. J. Lewis and Mr C. G. only suggest that unemployment will be higher than treasury expects with consequences for prospective living on social security. In addition, public sector increases may also be a while nationalized industries face more severe pressures than assumed by the Government.

By note that with the "rides" apparent reluctance to issue fixed interest preferring short and undated issues, and linked securities, the tendency of long is to hold. However, institutional holdings are probably at very low levels at present may not be sufficient to be a strength for a surprise in the market.

They consider that the trend will be resumed in the summer even if there is a set back in the next weeks.

It will end this month on balance, reflecting a stock from the 1980 sector after the lapse of a month of the Bank of England's request to the banks add to their holding of a final maturity of one year.

Mr. C. G. Myers' retail was updated its view of the post-Budget and says Sir Geoffrey Howe's has hit the consumer more than previously feared. The possible result that will be a 2 to 3 per cent retail sales volumes.

re to index-link allowances could bring in steeper decline. For the best outcome likely 1-2 will be a 5 per cent increase and a 15 per cent improvement in food.

Brokers' views

The team says that Fine Art Development's recovery next year, after its rationalization, could fall short of expectations because of borrowing and the spending background.

Mothercare has also had its troubles this year as the recession's effects were deepened by the high rate trends and the consumer trading downturn. European profits have been hurt by sterling's strength, and the American subsidiary has also been hit by the recession.

At W. H. Smith the book distribution losses and the diversification into DIY still cause some concern, while Capel-Cure Myers suggest that MFI could benefit from increased contact between management and the City to help restore full confidence.

Two brokers have looked at Hanson Trust since its results were published in December. Since then the shares have outperformed the All-Share Index by 30 per cent, but Mr Hector Sans at Phillips & Drew thinks the prospect for 1981-82 are bright, particularly considering newly acquired McDonough, which could take profits to £58m. This year industrial trading activities in the United Kingdom are more cautious, and he suggests an outcome of £42m, compared with £35m last time.

Carr Seabag's forecast for Hanson is for £44m and Mr Roy Owens is also recommending purchases as the United Kingdom business has shown themselves to be defensive in the past, while North American activities appear to be performing well at present.

Rosemary Unsworth

Brown Boveri slumps to £1.1m

Brown Boveri Kent, the industrial instruments group, saw profits plunge from £5.7m to £1.1m last year and the dividend had been passed.

Turnover increased during the second half, producing a £3m increase to £89.4m, but margins were eroded by the strength of sterling and increased international competition. Redundancy costs and factory relocations amounted to £900,000.

Mr J. Luyens, the chairman of the group which is 54 per cent owned by the Swiss-based Brown Boveri organization, said that there was an absence of any firm indications of improving trends for the United Kingdom economy.

Bank Base Rates

N Bank	12%
Clays	12%
CI	12%
Consolidated Credits	12%
Hoare & Co	12%
Lyds Bank	12%
Midland Bank	12%
Westminster	12%
Williams and Glyn's	12%

day deposit on sums of 10,000 under 9% over 30,000 10%.

M. J. H. Nightingale & Co. Limited
18 Lovat Lane London EC3R 8EB Telephone 01-621 1212

The Over-the-Counter Market

Company	Last Price	Chg. week	Gross Div.	Yld %	P/E
63 Airsprung Group	72	+2	4.7	6.5	11.4
60 Armitage & Rhodes	50	—	1.4	2.8	20.6
70 Bardon Hill	191	+1	9.7	5.1	7.2
39 Deborah Services	98	—	5.5	5.6	4.9
37 Frank Horsell	105	—	6.4	6.1	3.3
23 Frederick Parker	50	—	1.7	3.4	21.7
48 George Blair	68	-2	3.1	4.6	—
50 Jackson Group	106	-1	6.9	6.5	4.0
86 James Burrough	118	—	7.9	6.7	9.7
64 Robert Jenkins	320	—	31.3	9.8	—
20 Scruttons "A"	52	+1	5.3	10.2	3.8
15 Torday Limited	209	-3	15.1	7.2	3.6
04 Twialock Ord	111	+1	—	—	—
66 Twialock 15% ULS	72	—	15.0	20.8	—
66 Unilock Holdings	45	-1	3.0	6.6	6.9
79 Walter Alexander	101	+1	5.7	5.6	5.6
51 W. S. Yeates	255	-5	13.1	5.1	4.8

If the national standard of living of the British people is not to decline steadily and permanently, we have to make substantial changes?

THE DEPTH AND SEVERITY OF THE RECESSION

and the action GKN has taken to mitigate its effects

Statement by Trevor Holdsworth, Chairman of Guest Keen and Nettlefolds Ltd, from the 1980 Annual Report and Accounts.

Group profits before tax of £126 million in 1979 turned into a loss of £1 million in 1980 whilst attributable earnings, after extraordinary items, in 1979 of £36 million became a loss of £90 million in 1980.

The dramatic decline in profitability in 1980 is a clear demonstration both of the depth and severity of the recession and of the action we have taken to mitigate its effects.

Recessionary conditions applied internationally in most developed countries but these were most intensely adverse in the United Kingdom.

Not only were economic factors generally adverse but no business sector has been more severely affected than steel and mechanical engineering serving, and largely dependent upon, the automotive and construction markets, both of very great importance to GKN.

The United Kingdom, our largest investment area and where economic policies have turned the world recession into an unprecedented national depression, showed the most significant change. For the year as a whole, the United Kingdom companies operated at a trading loss of £18 million even before finance charges, with the profits of the first half being eliminated by a loss of £40 million in the second half. No major part of the United Kingdom activities has escaped the effects.

Moreover, 1980 started with a most prolonged and damaging strike in the nationalised British Steel Corporation which dragged in most of the private sector of the industry; the reasons for that strike and any gains achieved must now surely seem irrelevant to those who created the situation. The cost to GKN was great not only in the specific steel-making areas but also in the general disruption caused throughout the steel-using and steel distribution activities.

THE AUTOMOTIVE INDUSTRY

However, by far the most important market place and the one most affected by recession has been the automotive industry. Demand for passenger cars, for tractors and for construction equipment has in every case been at a low ebb in Europe and North America. The principal manufacturers in the USA together have incurred losses exceeding £2,000 million; two major international groups, both important customers for GKN, have had to be sustained by concerted action by bankers and in other cases governments have given direct support. Against this background, the results of our United Kingdom companies are perhaps not so difficult to understand.

Direct exports from the United Kingdom of £193 million (1979 £216 million) were commendably maintained for most of the year, falling off only in the final months: the high value of sterling made these exports much less profitable than hitherto.

Our inescapable reaction to the situation is clearly indicated by the costs charged:

Firstly, in arriving at the profit before tax, £26 million for redundancies in continuing activities. Secondly, under extraordinary items, £49 million for discontinued activities including again a further £22 million for redundancies.

Thus, a total of £75 million has been absorbed in 1980 almost entirely in respect of the United Kingdom; £48 million of this has been for redundancy payments and other employee-related costs. There has been a reduction in our United Kingdom work-force of 12,400 in the year of which 11,000 were redundancies; in addition, provision has been made for further redundancies of some 5,000 employees who were either under notice at the end of the year or affected by closures announced since the end of the year.

Whilst these costs are a definitive indication of the action taken further cost has been incurred in the inevitable disruption that such severe change brings with it; for much of the year there has been substantial short-time working which applied to as high a number as 25,000 in the second half of the year.

Outside the United Kingdom, the results of our companies have been much more satisfactory with the overall surplus on trading at £55 million equalling that of 1979; in reality they did much better than this comparison indicates, because the higher value of sterling throughout 1980 has reduced their apparent contribution to the consolidated results by the equivalent of £8 million. In particular, our European operations sustained their profitability despite their dependence on the automotive industry.

OUR STRATEGY

Although the economic conditions have demanded a greater need for urgency in implementation, the general thrust of our programme for strategic change and development remains:

- to concentrate upon the manufacture of technologically oriented products of high added value;
- to direct our thrust to world rather than national markets both by direct exports and by overseas investment;
- to increase substantially the Group's involvement in the services sector both in wholesale and industrial distribution and in a variety of problem-solving services to industry, commerce, construction and the community at large.

During 1980, we have successfully commissioned the first of our plants in North Carolina, USA for the production of constant velocity joints for front-wheel drive cars and the second facility will also shortly commence deliveries. Demand for these products remains as planned.

We have continued the development of our automotive accessories and replacement parts distribution networks in the USA and in Europe and also augmented the Industrial Services sector by our investment in industrial and commercial waste disposal in the United Kingdom.

Finally, we have recently announced the formation of a joint company with the British Steel Corporation, Allied Steel and Wire Limited, to combine our respective general steel re-rolling and associated interests.

The new venture puts together two of the most modern rod mills in Europe (at Cardiff and Scone) with the new electric arc mini-steelworks at Tremorfa, Cardiff, and also includes downstream acti-

vities in certain bar and section mills, wire drawing, nail manufacture and reinforcement engineering.

This new combination of public and private enterprise (achieved with the active encouragement of the Department of Industry) will strengthen an important part of the United Kingdom steel industry and should be seen as consistent with the steel re-structuring policies of the European Coal and Steel Community.

In view of the harsh consequences that 1980 has brought both to the financial performance of the Group, unmatched since the 1930s, and, more pertinently, to so many of our employees in the United Kingdom, there is understandably much comment and criticism of the Government's policies which have caused the United Kingdom to be more severely affected than other industrially developed countries.

However, we must not forget that the central economic problem of the United Kingdom has, for a long time, been our disastrously low national productivity. A depreciating currency, borrowing to finance national revenue deficits and reduced profitability of industry have enabled the nation to pay itself more than it has earned and to avoid facing this central issue. High inflation has resulted.

No previous policies—and many have been tried—have succeeded in reversing this long-term deterioration. If our national standard of living is not to decline steadily and permanently, then we have to make substantial changes. The continual deferment of these necessary changes has meant that they are now happening with extreme and painful speed during a period of general recession.

Alternative policies proposed by alternative political parties and others are either, at the best, unconvincing or, at the worst, unthinkable.

GOVERNMENT RESPONSIBILITY

The private sector of manufacturing industry has, in particular, taken action and achieved substantial change.

However, the same degree of adjustment has not yet taken place in much of the public sector.

We are still faced with absorbing without choice many increased charges for goods and services—and the United Kingdom has nearly half its economy in the public sector—from providers complacently continuing to deal with their employees as if maintaining their standard of living or their jobs was an unquestionable right.

To effect change in these cases is the clear responsibility of Government and so far they have not succeeded.

As to the present and immediate future, there are some signs in the United Kingdom that the rapid decline in markets and the destocking may be slowing down although the recent national Budget may yet give another twist to the spiral in certain market areas. Some weakness is also now developing in other European countries.

I do not expect 1981 will see any general upward trend in our markets. Beyond that, I am hopeful that the very stringent, rapid and costly action we have had to take will provide the basis for a better financial performance.

GUEST KEEN AND NETTLEFOLDS LTD

If you would like a copy of the 1980 Annual Report and Accounts please write to:
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Capitalization and week's change

* Ex dividend. a Ex all. b Forecast dividend. c Corrected price. d Interim payment named. f Price at suspension. g Dividend and yield exclude a special payment. h Bid for company. i Pre-merger figure. j Special dividend. k Bid for capital distribution. l Ex rights. m Ex scrip or share split. n Tax free. y Price adjusted for late dealings. .. No significant data.

RADIO

TELEVISION

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